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West Europe Report



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4 February 1986

WEST EUROPE REPORT

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POLITICAL

DENMARK

POLLS INDICATE CLEAR TREND IN FAVOR OF LEFTIST PARTIES

Copenhagen BORSENS NYHEDSMAGASIN in Danish 16 Dec 85 pp 71-72

[Article by John Wagner: "Voter Shift to Left Could Change Government"]

[Text] The budget parties, e.g. the four government coalition parties plus the Radical Liberals, are losing voter support. If this trend is intensified by the Christmas intervention it will underline the need for soul-searching on the part of the government and for the cabinet shakeup that Prime Minister Poul Schluter had "no plans for in the immediate future," as he put it following a cabinet meeting last Tuesday.

In 45 of the 66 opinion polls that have been taken since the Folketing election in January 1984, the five parties behind the government's economic policy--the Conservatives, the Liberals, the Center-Democrats [CD], the Christian People's Party and the Radical Liberals--have had a voter percentage below the 48.3 percent they received in the last election. After the contract intervention in the spring the situation became especially bad: In 20 of the 26 opinion polls, the Social Democrats, the Socialist People's Party [SF] and the Left-Socialists [VS] have had more voter support than the five nonsocialist parties combined. And in 12 cases only the 2 or 3 percent support for the Progressive Party ensured a nonsocialist majority.

The fact that there was a shift to the left in Danish politics in connection with the contract intervention is shown by more than the declining support for the five budget parties--and the municipal elections, which also showed the same trend. The development is underlined by the fact that the three socialist parties in Folketing, the Social Democrats, SF and VS, have an increasing share of voter support. The Social Democrats have noted gains on 16 occasions in comparison with their 1984 election results, 31.6 percent of the vote, while SF has been above its 11.5 percent election results in all 26 of the opinion polls taken since the contract intervention.

Surprising New Opinion Poll

Most remarkable is the opinion poll from the Gallup Institute that BERLINGSKE TIDENDE published last Sunday. According to this poll, which was taken in the period from 23 November to 1 December--in other words in the period between the municipal elections on 19 November and the government's confirmation

of the Christmas intervention, which came on 4 December, the nonsocialist parties now have their lowest support level since the last Folketing election, 44.6 percent in the Gallup poll compared to 51.9 percent in the election.

The four government parties--the Conservatives, the Liberals, CD and the Christian People's Party--were down to 40 percent of the votes in the Gallup poll, the same as when the government intervened in the contract negotiations. Thus there has been no "recovery" and naturally enough this has been a matter of concern for the four parties--especially CD, which for the first time since the Folketing election had a Gallup support level below the cut-off barrier of 2 percent. The same fate befell the Progressive Party (for the second time).

Trend in Many Opinion Polls

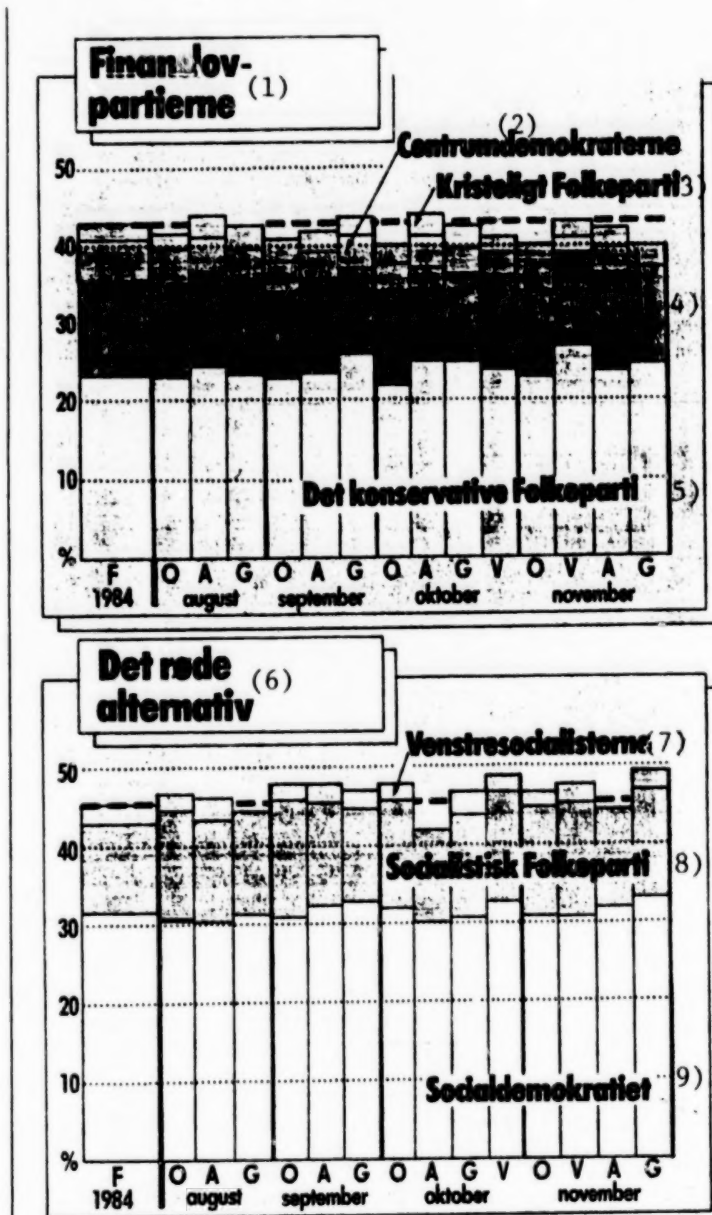
There are good reasons why the politicians at Christiansborg take the many opinion polls seriously. All experience shows that election results are close to the results in polls taken previously and the tendency in the polls was clearly confirmed in the municipal elections:

After four election defeats in a row--the 1981 and 1984 Folketing elections, the 1981 municipal elections and the 1984 EC parliamentary election--the Social Democrats are making new gains. The Gallup poll's 33.4 percent is the highest voter support level to date since the election in January 1984. It is almost unprecedented that SF is continuing to improve at the same time and that this is apparently not complicating the situation for VS. The left wing's 49.8 percent support level is the third highest since the election. On two occasions soon after the contract intervention, the Social Democrats, SF and VS received a 50 percent combined approval rating from the voters.

Among the government parties it is CD that has had to pay the price for unpopular interventions and Erhard Jakobsen's outburst against the Danish policy on South Africa at the CD national congress in early November seems to have intensified the party leader's problems. In 56 of the 66 opinion polls CD has had declining support and reached the bottom last Sunday when Gallup wiped the party off the political map. The Conservatives remained stable and showed a slight gain. The Liberals also seem to have made gains recently while the Christian People's Party remains stable with between 2 and 3 percent of the vote.

The Radical Liberals are a little under their election result of 5.5 percent--not bad if one recalls that in the months after the so-called job offer compromise and the contract intervention they were down to 3.4 percent in an April Gallup poll. In an analysis the AIM institute made for BORSEN at the beginning of November the Radicals had a 5.2 percent support level, while the level in last Sunday's Gallup poll was only 4.6 percent. Considering the uncertainty of these polls, one must note that by and large the Radicals are maintaining their voter support on the national level, even though their municipal election results were very disappointing.

The opposite is true as far as the Progressive Party is concerned. The party suffered a big defeat in the municipal elections and is on the point of dropping out of Folketing in the Gallup poll. The party has noted losses in 61 of the 66 polls.



Exciting Spring

For Prime Minister Poul Schluter and the political parties it will be exciting to see how the voters react to the Christmas intervention in the weeks and months ahead. Is the "crisis mentality" that helped the four coalition parties and particularly the Conservatives so much in the first years of the regime a thing of the past? Have things already reached the point where the Social Democrats (plus SF and perhaps VS plus--who knows?--possibly the Greens) look like a credible alternative?

If there is no restoration of nonsocialist voter support in the polls this spring the result will be the soul-searching that several leading nonsocialist politicians have long called for internally but did not want to mention externally for fear of even greater voter shifts. This process must include several painful subjects, such as whether the government's attitude toward public employees was a little too provocative and--no matter how sensitive this may be--whether the time has come to replace the government's weakest cabinet ministers before they bring the whole government down with them.

6578

CSO: 3613/47

POLITICAL

DENMARK

RADICAL LIBERALS' POOR ELECTION COMPLICATES COALITION

Copenhagen BERLINGSKE TIDENDE in Danish 7 Jan 86 p 7

[Text] The poor municipal elections of the Radical Liberal Party make it more difficult for the government to pursue a coherent economic policy, the Minister of Foreign Affairs points out. He says that the gains of the Socialist People's Party will, undoubtedly, also give rise to profound considerations within the Social Democratic Party.

The conditions of the government have not become easier after the municipal elections on 19 November, the chairman of the Liberal Party, Foreign Minister Uffe Ellemann-Jensen, states in the party's organ LIBERAL.

In his opinion, it is, in particular, the setback of the Radical Liberal Party which makes the situation more difficult, for the support of that party is still necessary in order to pursue a coherent economic policy.

The low rate of participation in the elections, as mentioned earlier, is one of the reasons for the result, which for the government as a whole became poor.

Uffe Ellemann-Jensen wonders why people chose to stay at home. One of the reasons may be that people felt safe. The government pursues the right policy, as a result of which they find that everything is fine. However, there is, of course, also the explanation that people are dissatisfied with what they consider a weak political profile.

The chairman of the Liberal Party urges persons of the same opinion to mark their positions, so that the voters will be able to understand the demands that the compromise makes of the minority government and will avoid becoming disappointed and confused.

He believes that the outcome of the election is bound to lead to profound considerations within the Social Democratic Party, because the policy pursued by the party has legitimated the Socialist People's Party to the voters, and it was the Socialist People's Party that won the election. That is why 'the red wave,' as the Foreign Minister calls it, is bound to give rise to concern not only within the government.

He finds it unreasonable to allow the Social Democratic Party, the Socialist People's Party and others to monopolize environmental issues, "as if the rest of us do not take those issues seriously."

Jens Brandt (Liberal Party), chairman of the County Council of Bornholm, blames the Liberal Party for not having been fast enough to take up that very issue. "We allowed the Socialist People's Party and the Greens to run off with the most popular political issue: the environment," Jens Brandt writes in LIBERAL.

"In view of its close association with agriculture, the Liberal Party ought to be the party that is the most aware of the environment," he writes. "We took too long taking up a position, too long thinking along new lines. In the meantime, they ran off with the immediate society, which we--in our efforts to ensure the economic recovery of the country--failed."

7262

CSO: 3613/56

POLITICAL

GREECE

NATO-FINANCED PROJECTS DISCUSSED

Athens TA NEA in Greek 5 Dec 85 p 17

/Article by Nikos Roussis: "Research Projects in Aegean and Aliakmon With NATO Money"

/Text/ According to TA NEA exclusive reports, scientific research projects of international and economic interest will be carried out in the Aegean Sea, the Aliakmon /River/ as well as in other areas of the country. The research projects have already been scheduled and half of their cost will be financed by NATO. The other half of the 10 million dollar cost will be paid by the General Secretariat of Research and Technology.

According to the same sources, these projects are part of the SFS/NATO (Science for Stabilization) program and concern the seven research projects assigned to the Research Center of the University of Crete.

The Agricultural Bank of Greece /ATE/, the Public Power Corporation, and the National Metsovion Polytechnic School have already been asked to participate in certain of these projects. The seven research programs are:

1. Study of the fish population in the Aegean.
2. Study of the Aegean food chains and ecology.
3. Study of managing the Aliakmon water potential.
4. Construction of a research fishing craft.
5. Production of virus-free plants. The first attempt will be plants from "a vineyard."
6. Development of systems for the computerization of offices.
7. Sublimation of Greek lignites.

Finally, while the whole affair is being kept secret, ESKY-ATE are asking all organizations of employed people to go to the bank and ask for information so they may be able to decide if such support by the bank serves the interests of the farmers and the country's development.

7520
CSO: 3521/70

POLITICAL

GREECE

PAPANDREOU SEEN AIMING AT NON-PARTISAN POLICIES

Athens TO VIMA in Greek 8 Dec 85 p 1

/Text/ Premier Papandreou's initiatives 2 days ago in the Chamber of Deputies for "democratic dialogue" and "national consensus" are recognized as opening the way to new developments in the country's political scene.

All political parties agree that Papandreou's appearance in the Chamber confirms both his dominating role in the country's political life and his intention to follow a policy of "national character" on a number of domestic and external affairs.

It suffices to note that the initiative for safeguarding and broadening the democratic system and political dialogue, as well as the initiatives for dealing with national issues in an "above-parties" way, satisfy both the rightist and leftist opposition parties. Certain people believe implementation of such a "policy of consensus" definitely opens for Papandreou the road to the presidency of the Republic.

Reliable political circles think that Papandreou's decision to avoid, as the principal speaker in the Chamber, past disputes with political parties and personal attacks, also as a reason toward the presidency.

In the context of these developments one should expect that the main purpose of the rumored future reshuffling of the government will be to promote persons who will implement this new policy of consensus.

According to TO VIMA reliable sources, A. Papandreou, in cooperation with other members of the PASOK Executive Office, has decided to impose the spirit of this new policy on the Movement's party mechanism as well and to the party's mass gatherings and organizations.

7520

CSO: 3521/70

POLITICAL

GREECE

PAPANDREOU JUNIOR: NO AMBITION FOR HIGHEST POSITION

Athens KYRIAKATIKI ELEVTEROTYPIA in Greek 8 Dec 85 pp 6, 7

/Article by Eva Nikolaidou/

/Excerpts/ "A third Papandreou as premier would represent a failure of our socialistic policy," says George Papandreou in an answer to a question if he ever wanted to govern Greece.

It is not very easy to have an interview with a deputy minister who is responsible in three Ministry sectors where thousands of persons are waiting for him and where he has unlimited responsibilities

/Question/ Recently you organized a convention of economists on the economic prospects.

/Answer/ The international community shows great and multisided interest in Greece because it tries to develop in its own way, overcoming the economic crisis in a way which wants the citizen as participant and which needs to mobilize the human capabilities to the utmost.

While in other countries economic measures are followed by a very conservative policy, our policy is that we can impose economic measures but at the same time it must maintain its developmental character. This means that an emphasis must be given to the effort to mobilize as many as possible forces for coping with the problems. We depend a lot on the human factor and not simply on some technocratic, administrative, or legal formula.

In the framework of this philosophy there are many economists throughout the world and even politicians who like to see Greece as a privileged area for discussion and dialogue on the various experiences and possibilities of the countries to overcome the crisis in Western Europe, the Third World and other areas. We want to create this dialogue on alternative possibilities and solutions for solving the present international economic situation.

The positive result of this meeting of economists was that the foreigners showed a great understanding.

/Question/ Some rightist as well as other newspapers have linked the resignation of Kostas Laliotis with ambitions on your part. Would you like to comment on these reports?

/Answer/ I have already announced that I regretted his resignation. He was and still is a friend and a collaborator since I am his successor to the position he held in the New Generation Ministry.

Kostas initiated many programs which I am continuing. We had close cooperation, assistance and understanding. What is said about my ambitions is silly and malicious.

/Question/ You mean to say that you are not ambitious?

/Answer/ Even if ambitions exist, they spring out of sincere intentions and a specific policy, not out of secret manipulation. I always say that open dialogue is the best way. I have no differences with Kostas Laliotis. If differences existed we would have discussed them openly in the Central Committee.

/Question/ Your name is connected with a long tradition. Your grandfather was a premier and so is your father. Would you like to be a premier in the future?

/Answer/ No. I would not like to be a premier. I would say that in the struggle for socialism, for a change of mentality and a change of attitude toward social programs it would be a failure of our socialist policy for a third Papandreou to become premier. This in the sense that the new cadres would come only through traditional procedures. Of course, this does not mean that I am not interested in politics and don't want to participate, but it is not necessary that I must be premier to do so. I do not have such ambitions.

How He Sees the Family

George Papandreou, 33, is married and has a son. However, his devotion to politics allows him very little time to be with his family.

/Question/ Who of your parents influenced your character the most and were they strict?

/Answer/ Both of them helped me. I derived from both the best elements. Even their austerity aimed at me being sincere, at respecting my fellow man, and to be honest and attain certain principles of good behavior.

7520

CSO: 3521/70

POLITICAL

GREECE

KARAMANLIS ALLEGEDLY DISAPPOINTED WITH ND PERFORMANCE

Athens TAKHYDROMOS in Greek 5 Dec 85 p 6

/Text/ The Karamanlis cautious public appearances and the skillful "posthumously published reports" about him undoubtedly express one side of his political plans. On the other side, however, there exists abundant and reliable material from certain Karamanlis confessions to associates and companions. These back-stage discussions reveal a deeply pessimistic Karamanlis view, not only on future political developments--a "sensible" view since, to an extent, these developments are related...to PASOK--but--mainly--on the prospects of his own party. These facts are recognized by Karamanlis and are:

- a. There is no chance that ND may become the leading party under Mitsotakis' chairmanship.
- b. With its present confusion, contradictions and disputes, ND has no possibilities of winning any contest with PASOK. Karamanlis is even pessimistic about the outcome of the municipal elections--the results of which he sees nearly negative for ND.
- c. The "present political impasse" could be solved in three ways: 1) through adoption of the simple proportional system, but he is not optimistic about it; 2) through the election of Papandreou as president of the Republic--something he does not see happening soon, or finally; 3) through either PASOK's loss of the majority it enjoys in the Chamber of Deputies (with dangerous prospects for the country) or its social influence--in which case PASOK will be forced to cooperate with a section of ND and Democratic Renewal /DIANA/ deputies and cadres.

Karamanlis believes this third solution--even if PASOK has a majority of 151 /out of 300/ deputies in the Chamber--would be "desirable and the best" since it would mean that PASOK is becoming a bourgeois party.

In such a case Mitsotakis is an obstacle and for this reason any hope for consensus pre-assumes his departure from the ND leadership or even from the party itself if 5-10 deputies break away from him. Karamanlis believes that Mitsotakis' withdrawal from ND with some of his deputies will be compensated by the return to the party of all DIANA deputies as well as of Boutos and

Dion. Livanos. But even for such a development Karamanlis is rather pessimistic. Rather, he foresees a widening of the gap in the ranks of the party which he founded, and does not see any hope of its becoming a majority party and assuming power or even playing an effective role in political developments.

7520

CSO: 3521/70

4 February 1986

POLITICAL

GREECE

INTRA-PARTY TRENDS, TROUBLES AFFECT ND

Differences Between Grassroots, Leadership

Athens TO VIMA in Greek 17 Nov 85 p 2

/Article by Mikhalis Dimitriou: "Ideological Dissention Between Leadership and Grassroots"

/Text A special Panhellenic poll by ND, conducted in approximately 2,000 party organizations (local, branch, youth) offer revealing conclusions about the party's pre-election errors and the necessary corrective measures it must take in the future.

The overwhelming majority in the administration of the party organizations (which responded to the special questionnaire sent by the party's central administration, after these organs held a special meeting):

--rejects the term "liberal" and indirectly condemns K. Mitsotakis' decision to add this word to the party's title;

--rejects the "neo-liberal" views in the economic sector (full freedom of the market, abolition of the Automatic Cost of Living Adjustment /ATA, etc.) which were presented and applied by the group of Stefanos Manos, A. Andrianopoulos, and others before the general elections; and

--emphasizes as a necessary element for the future the disengagement of the party from the views of the traditional Right (as Ath. Kanellopoulos has been suggesting for years) and the promotion of pro-people programs centered on a welfare state as suggested long ago (but in vain) by Miltiadis Evert.

At the same time many answers of the 27,000 cadres who make up the councils of the 2,000 party committees show the strong influence of K. Karamanlis and Georgios Rallis' views and practices on the questions of foreign policy and the democratic institutions.

All these views caused a great deal of thinking--according to TO VIMA's reliable information--in the party's central administration. The abandonment of old-line rightist views by the party's organized base is considered to be a result of the party's third defeat. According to the same assessments, the

majority of the party's following at the grass roots level, although until now considered to be "more right-oriented than the leadership," seems to now be adjusting to certain necessary changes in their way of thinking (at least until the hoped-for electoral victory).

In the context of this thinking, the party leadership decided to avoid the publication of the poll results, and to advise the three main rapporteurs of the First Pre-Congress Conference for Makedonia-Thraki (which ended this evening in Salonica) to coordinate their reports and suggestions with the facts conveyed by the party poll.

Thus, among other things, in the report of Kostas Sapsalis, who is in charge of ideological matters, there will be a new basic principle that "the ND neoliberalism is not the unlimited liberalism of old but a dynamic, social and radical liberalism."

Also, in the report of A. Mimmis concerning the party charter, there will be the issue of having a direct election of the party leader by a representative body of parliamentary deputies and party cadres, and also the issue of giving new powers to the local party organizations.

Finally, the rapporteur on the Party Programme A. Vintzileos was advised (in spite of certain objections by Giannis Paleokrassas) to underline that in the future ND will favor the gradual (and not the immediate) freeing of the market place and of business transactions. With regard to the gradual freeing of interest rates, there is a provision to have as a counterweight the subsidy of certain loans (such as farm loans, etc.).

At the same time, the discussions in the nome assemblies and their replies indicate that Mitsotakis' negative and then imprecise position on ATA was a major political error. For this reason it was decided to say in the future that ND "will safeguard ATA as a minimum guarantee" for the adjustment in compensation of the working people, and without subtracting "imported inflation." Moreover, the working people will be allowed to seek the increase of their income--above the ATA--through collective agreements in conjunction with productivity increases.

The collective responses of the 2,000 local, branch, and youth committees present special interests mainly with regard to ideological questions and the corresponding questions posed by the organizational committee headed by Miltiades Evert.

To the question, "how would you like to see ND," the overwhelming majority answered: "A party which defends the national independence and national interests," and also "a party which defends the interests of the broad popular strata." It further categorically rejects both as a point of view and as practical policy a party "which defends the traditional institutions and interests of certain social groups."

Also of interest is the priority given by the party cadres to the principles ND should defend, namely, national independence, personal liberties, popular sovereignty, social justice, parliamentary democracy, economic progress, quality of life and private initiative.

According to certain assessments by ND circles, this order of priorities indicates that the party cadres have been indirectly influenced by PASOK's ideological and political declarations, in the sense that they begin to give higher priority to political than to material benefits.

The same direction is shown by the priorities given by the cadres to the "characteristics of the person who believes in ND; which are given in the following sequence: moderate, creative, rationalist, sincere, democratic, progressive, and modern, while they reject conservative and centralist.

Another question--which caused many discussions when it became known--received responses contrary to those expected by Mitsotakis with regard to the "ideological upgrading" of the party.

The great majority of party cadres replied that the party ideology has been set since the Khalkiaki Congress in May 1979 with then party leader K. Karamanlis. Most cadres rejected the view that the party ideology should be "clarified on the basis of the February 1985 Declaration" presented by Mitsotakis who had added the term "liberal" to the party title.

It is worth noting that as a second choice--after the 1979 Congress--many prefer the "1974 Declaration by Karamanlis, establishing the party," instead of the 1985 "ideological declaration" by Mitsotakis.

Quite interesting are the responses to two critically important issues--those which relate to the role of the state and the value of private initiative. Both caused much friction during the pre-electoral period between the followers of the "social state" (led by Miltiadis Evert) and the "neo-liberals" (with main spokesman, then chairman of the Election Committee St. Manos).

Most responses combine the answer "yes to economic progress" with a demand for "a social policy by the state." They argue that the modern state cannot remain indifferent to the conditions in the economy and market place, but instead it must regulate the rules. They prefer "less, but better government."

With regard to private initiative, most party cadres acknowledge its role and significance for economic development, but with a final criterion of Karamanlis' view that "the private initiative must develop when it benefits society as a whole."

In the sector of necessary economic and social priorities, the responses gave first priority to the fight against high prices, second to maintaining ATA and purchasing power of the working people, third to the improvement of public administration, fourth to the fight against unemployment, and then to the

questions of social welfare and health. It should be noted that the replies to this questionnaire were given long before the government took the recent economic measures. One may argue that it was a mistake for Mitsotakis to raise unemployment as the major issue before the election considering that in Greece it has many unique features (hidden economy, family income, etc.).

In conclusion, the revealing data of the ND poll throughout the party structure--revealed today by TO VIMA--show that, at the political level, the overwhelming majority of ND cadres identifies modernization of the party with the "Karamanlis" and the "Neo-Karamanlis" views and not with some neo-liberal image which would give up entirely this tradition and its current development.

In such a case certain recent expressions with populist character (such as the effort to identify PASOK with...the economic oligarchy) and the insistence on claiming that the term liberal automatically means modernization, allow the conclusion that a deeper dissension is developing between the leadership and the party's organized base /cadres/.

Ideological Struggle Seen

Athens TO VIMA in Greek 1 Dec 85 p 2

/Article by I. K. Pretenderis: "The Neo-conservatives Strike Back..."

/Text/ A tie between Konstandinos Karamanlis vs. Milton Freedman (at least this week). On Thursday, Stefanos Manos opened the "dance of the dolphins" /successors/ and brought the "liberal message" to 1,600 guests at the Inter-continental Hotel. On the following day M. Evert "got even" on behalf of the "Karamanlis group" in a speech at the Law School.

As is known, the situation is far from simple in the overall ideological patchwork of the New Democracy Party. For better or worse, the so-called neo-conservatives and the so-called neo-liberals at this moment constitute the only political viewpoints with some elementary structure within the ND. The logical effect: The "skirmishes" have already started between them even though for the time being they are limited to a decent exchange of arguments and criticisms.

The confrontation is not exclusively due to certain differing ideological trends of some leading cadres in the conservative camp. It also hides a certain element related to the "succession". In any event, it is not the first time that a "succession fight" is vested with ideological claims. We have the Rallis-Averof precedent.

In this case--and after the intermediate generation of successors K. Stefanopoulos and I. Boutos was pushed out--the torch has been passed to the younger ones. These younger people (possibly with the single exception of M. Evert who lately very carefully cultivates his leadership image), do

not openly claim the leadership. Simply--from A. Andrianopoulos and St. Manos to St. Dimas and A. Samaras--they are trying to "take a position" and be ready to start when the moment for the race comes.

Of course they are not alone. Evert (who likes to call himself more and more a "Karamanlis pupil," is not alone in the circle of neo-conservatives (or Karamanlis followers, as they call themselves). Another member is I. Varvitsiotis who has not given up his leadership ambitions by any means, and who is also ready to join the battle under the "Politeia /Karamanlis/ standard."

Both Evert and Varvitsiotis are moving separately to gain influence among the party's rank and file (probably because in the Parliamentary Group they not only have friends but possibly they see themselves as the standard bearers of the Karamanlis popular message), and are accepting invitations to give speeches, write articles, and give interviews. Recently, they also appeared in the neo-conservative area of A. Papaligouras (it is allowed to make connections) who wrote a strong-worded article against neo-liberalism.

On their side, the neo-liberals appear to be more homogeneous as a group (with A. Andrianopoulos, St. Manos, V. Papageorgopoulos, L. Papadimitriou, St. Bletsas and with out-of-parliament cadres like I. Loulis) and have some autonomous organizational foundation (through the Movement for Multilateral Disarmament, Freedom and Security in Europe /KIPAEA/ and the Center for Political Research and Training /KPEE/ but so far lacking a leading personality.

The neo-conservatives blame the neo-liberals for the party's electoral defeat in June ("what they say does not sit well with the people") and the neo-liberal line (a Liberal New Democracy, cheap cars, tax deductions, to speak of the slogans) was defeated at the polls. "They smell too much like Reagan and the Association of Greek Manufacturers /SEV/," they say.

The neo-liberals reverse the blame and argue that ND was voted down as a conservative, not as a liberal party. They argue that "it is not enough to use the label." They accuse the neo-conservatives of learning nothing from their service in the opposition and they are incapable of adjusting ND's political "proposal" to today's and tomorrow's needs. "If we smell like Reagan and SEV, they smell like mothballs."

Between these two poles most of the other lonely "aspirants" and "potential successors" live. A. Kanellopoulos may cause friction within the Parliamentary Group during his term as Parliamentary Spokesman but, to be on the safe side, he has organized the Group of Friends of Athanasios Kanellopoulos (recently, in fact, the group organized a dinner in a tavern where he was given a medal by a club of professionals from Ileia).

I. Palaiokrassas is also moving in this intermediate area. He declares openly to be a Karamanlis follower, but he also accepts some of the views of the neo-liberals.

St. Dimas speaks of "social liberalism" and follows a careful policy of keeping equidistant from both ideological poles.

There are others, too. The "revolution of the corporals"--which came about with the election of the new Political Council--supplied several cadres to the "leadership baby boom" of ND, with A. Samaras and I. Kefalogiannis in the forefront. In spite of their emancipation--or possibly because of it--the "obscure" members of the "orphanage children's choir" (to quote Boutos) now voice their strong displeasure of Mitsotakis as they see the Political Council becoming increasingly more "decorative" without authority.

Mitsotakis summons them at will and usually the obscure members of the Political Council learn Mitsotakis' decisions, as in older days, from the newspapers.

The question is who will be the first to raise the flag of rebellion. A. Samaras indicates an intention to become the "tenor" in the choir, but he is not able to bring together all members of the pro-Averof wing, although Averof does not seem to hold any malice against Samaras for his temporary(?) affiliation with the Mitsotakis camp.

In all this, Mitsotakis plays his own balancing act, convinced that the proliferation of suitors will help him keep "Penelope" for himself. With tireless Byzantine intrigue, he creates many power centers with overlapping jurisdictions within ND, while he even promotes conflicts among them in order to play the role of the umpire.

Thus--in spite of the existence of an elected Political Council--Mitsotakis chose to accept the advice of I. Palaiokrassas and G. Panagiotopoulos with regard to the recent economic measures, while he has followed a similar tactic on other questions such as foreign policy, defense, and public order.

At the same time, the ND leader has formed a personal staff of undefined authority and informal powers, which includes G. Voukelatos (a Rallis follower) who "steals" certain powers from the party's Director General A. Bratakos (who is an Evert man) and P. Bakogiannis. No one seems to know the uses of this staff, except that it causes friction between the party deputies and cadres (the latest incident is the "clash" between Sofoulis and Bakogiannis over the...ideological question of the party's Congress!).

Mitsotakis, in his belief that the cutting up of successors in rival groups will help him keep the leadership post longer, has decided to "tighten the reins" (at least to the extent he can). So in a circular he asked that all articles written by party deputies and cadres, which may appear in the pro-government newspapers, must be submitted to him for clearance. The first "victim" was D. Nianias who was sent to the Disciplinary Council because he discovered...that ND is facing a crisis, and said so in two articles published in ELEVTHEROTYPIA.

Of course, it is not enough for Mitsotakis to issue circulars. He must also be able to implement them. Only 2 months ago, the party's Director General Bratakos issued a circular (of course, on orders from Mitsotakis) in which he prohibited the party deputies from any action outside their electoral districts. It also prohibited the local party organizations from inviting them. At that time there was fear that the "notables" who had been left out of the Political Council would become active on a nation-wide scale. Most of the deputies threw the circular in the wastebasket and prominent cadres such as Evert and Andrianopoulos showed no particular inclination to stop their appearances in various sections of the country.

This time, moreover, matters will be even more difficult for Mitsotakis. He will need, for instance, many hours of discussions to decide whether PLAYBOY is a pro-government or opposition magazine and therefore whether an article by Andrianopoulos published in it comes under the provisions of the new circular.

A strange situation exists since everyone in ND seems to ignore their leader: St. Manos did not even mention his name during his speech at the Inter-continental Hotel (Mitsotakis did not attend as he did last year), while Evert has forgotten his existence over the last several months in several interviews.

Mitsotakis, knowing they may ignore him but not pull the rug out from under his feet, tours the countryside from one pre-Congress conference to the next. Fortunately, the ND Youth Organization is left behind to remember "December" /1944/ and to invite us to Makrygiannis for marches. The poster shows a good looking young man carrying a Greek flag, cutting through barbed wire covered with...small red flags with the hammer and sickle. The neo-conservative and neo-liberal may come and go, but the nationalist kitch remains.

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CSO: 3521/58

POLITICAL

GREECE

KYP DEMILITARIZATION, REORGANIZATION DISCUSSED

Athens PONDIKI in Greek 19 Dec 85 p 9

[Excerpts] Problems are occurring in the famous reorganization of the KYP [Central Intelligence Service], which will not take place before the first quarter of 1986 because the organization chart that has been prepared by the committees in charge of it includes a fundamental condition: the KYP's change into a civilian organization should be gradual and should be implemented in the stipulated length of time so as not to cause any disturbance!

The argument is centered on the length of time this period will take.

The military and, by extension, the leadership of the Ministry of National Defense insist that the KYP's demilitarization must be carried out in 10 (ten!!!) years, perhaps following the old adage "who knows what can happen within 10 years..." And what are the politicians saying? What is the view of Drosogiannis and the other competent officials?

However, opinions differ even among the KYP employees themselves:

Those holding degrees support an immediate change in regimen, since this would be in their interest: indeed, with the departure of the military, they would be called upon to fill the higher positions. The ME [expansion unknown] category employees, most of whom have been there a long time, would prefer that the military remain, but only in staff positions.

There is already a movement regarding the establishment of a union of employees holding graduate degrees. According to our information, a delegation of employees belonging to this category called on KYP chief Lt Gen G. Politis to inform him of this development.

During the meeting, the demilitarization issue was also mentioned. However, Lt Gen Politis professed ignorance, meaning, that is, that the issue will be solved at another level, and not by him or by any employees' union.

However, if the meeting did not produce any information on the demilitarization affair, it did shed light on an issue regarding Politis himself: he let it be understood that he may not be in his present position by next year. Who would replace him? A natural heir would be the much talked-about Air Force Brigadier Gen Filippos Makedos, who is KYP deputy director at this time. But it is not quite certain whether this...natural succession will work out...

Giannis Alexakis (yes, yes!), lieutenant colonel, is very strong in the KYP (and therefore, a candidate for the top job); instead of going home (not to say elsewhere!), he is still lording it over the "green" KYP!

It is possible that some official from an organization or some such position will be transferred to the KYP--and in such a case, the name bruited about is...Fanis Tombras, who is top man at OTE [Greek Telecommunications Organization] today!

(Enough about the KYP vicissitudes, at least for today...)

/8309

CSO: 3521/74

POLITICAL

GREECE

CONDITIONS ADVOCATED FOR EASING TENSIONS WITH TURKEY

Athens TO VIMA in Greek 17 Nov 85 p 5

/Article by Academician-Professor Angelos Th. Angelopoulos, 'Mutual Armament Reductions Between Greece and Turkey--Is It Possible and Under What Conditions'?

/Te .7 Greece and Turkey are two neighboring countries belonging to the same alliance. In many areas, however, they have differences which they face in a hostile climate. On the contrary, logic dictates they should exist and live together peacefully in the interest of their people and also in the interest of peace in this region of the world.

The result of this feuding is an arms race, promoted primarily by Turkey, which also receives considerable military and economic aid from the U.S. Turkey is seeking to maintain her superiority over Greece and is perhaps aspiring to play some leading role in the Middle East.

Greece, as is known, has no territorial or other claims against Turkey and seeks only to preserve the treaty sanctioned territorial status quo. The situation is different in the case of Turkey which keeps on claiming Greek lands. A recent illustration is the occupation of 40 percent of Cyprus by the Turkish army, in spite of the quarantees for the republic's independence and territorial integrity given by Turkey, Greece, and Great Britain. This occupation continues despite the repeated contrary resolutions of the U.N.

Thus, Greece is the only NATO country facing the expansionist claims of another member of the same defensive alliance, and therefore obligated to spend additional sums for defense beyond its obligations toward NATO. It is strange that NATO, instead of intervening and giving full assurance that the borders of its members are inviolate, thus eliminating any disputes among them, remains instead a simple and indifferent observer in the face of such an internal dispute, although it knows the dispute disturbs the unity of the alliance.

Unfavorable Consequences

This military antagonism hurts the economic and social progress of both countries. Greece and Turkey spend approximately 7 percent of their income

on defense while other countries, also NATO members, spend half as much. These heavy outlays for defense worsen the economic situation in both countries: inflation in Turkey is around 40 percent and in Greece 20 percent; unemployment increases; the balance of payments deficit is exceeding 2 billion dollars each year, while an external debt equals 40 percent of their national income. To service this debt they have to pay each year over 2 billion dollars--for interest and principal--and contract additional loans to pay for the previous ones. The result is that they sink deeper into debt with a heavy burden on their budget and their overall economy.

Thus, of all the NATO members, only Greece and Turkey have strong differences which lead them to a continuing military antagonism. One might say the two countries follow, on a smaller scale, the tactic of the two superpowers: they have an arms race in nuclear weapons and the two neighbors in conventional weapons.

But is it possible to continue this feud without leading to very unpleasant consequences for both countries and possibly to developments detrimental to both of them and peace in general? In the face of dangerous conflagration, if the two superpowers decide to discuss their differences in summit conferences on the possibility of reducing their military expenditures, why is it not logical to have the two neighboring countries do the same and reach an agreement for mutual reduction of their military expenditures and settlement of their differences?

Conditions and Obstacles

To reach such an agreement there must be certain conditions and certain obstacles must be overcome.

The first condition is that a way must be found to have a real guarantee of the inviolability of the borders of both countries--either by a superpower, both superpowers, NATO, or possibly the European Community. Of these alternatives, the most realistic and persuasive would be a guarantee by the U.S. which heads NATO. Such a guarantee would be in keeping with the Final Act of Helsinki.

Is such a guarantee feasible--which would have several favorable consequences for Greece, Turkey, the U.S. and NATO, and on the peace of the area in general--or is it utopian? In my view, two additional conditions must be present:

First: There must be a climate of detente between the two superpowers. If the coming meeting in Geneva between President Reagan and Soviet leader Gorbachov leads to positive results, as it is hoped by all peoples, then a favorable climate is created for a genuine improvement in the relations between Greece and Turkey.

Second: The U.S. must be willing to play an active role in the normalization of Greek-Turkish relations, by pressing Turkey--with which it has close relations in all sectors--to abandon its expansionist tendencies against Greece, because only then can a climate of confidence be developed--an indispensable condition for effective dialogue and cooperation between the two countries.

Favorable Consequences

A guarantee by the U.S. of the inviolability of the borders of both countries --of course it would be a blessing if the Soviet Union cosigned the guarantee--would bring a series of favorable consequences to both Greece and Turkey as well as for the U.S. and southeast Europe in general.

The most important among these consequences would be the following:

First: A freezing of Greek and Turkish military expenditures at the present levels, and then their gradual reduction down to the level of the other NATO members in comparison to their national income.

This reduction would result in the creation of significant revenues for both countries, which would be channeled to productive investments and social benefits so their economic development would move forward and unemployment would be effectively combatted.

Second: Specifically in Greece, such an American guarantee would have a significant psychological effect with the immediate elimination of the anti-American sentiment existing today, justifiably or not, in a large segment of the Greek people, and fruitful cooperation between Greece and the U.S. would be resumed in all sectors.

In such a case Greece--and in this I express a personal opinion--likely would not object to the extension of the stay of the American bases, without nuclear weapons, of course. The U.S. must understand the guarantee of Greek borders and the elimination of the Turkish threat is a basic condition for close and creative cooperation with Greece. The bases, especially the one in Crete, have such strategic significance that their stay warrants certain concessions on the part of the U.S.

Third: The two countries, Greece and Turkey, would be able to deal effectively with certain economic problems common to both such as, most urgently, the problem of foreign debt whose settlement constitutes a vital necessity for both. Indeed, in the next 5 years, both will be unable to pay three-fourths of their debt (because payment will become due) which means a sum exceeding 15 billion dollars for each country with a complete disorganization of their economies.

For this reason, as I have proposed elsewhere for all developing countries (see my study: The United States, the Debt Crisis and the World Economy,

Praeger, New York, 1985), they must seek by common action a suspension of payments on principal for 5 years and then an extension of the deadline for payment. During the 5-year period the interest would be paid so the lenders would face no losses.

Such a 5-year grace period would eliminate the deficits in the balance of payments of both Greece and Turkey, which would otherwise be created. Such an arrangement would allow the two countries to move forward to a faster economic and social development.

The two countries may also try to deal by common action with problems that interest both. More specifically, it might be possible to settle the Cyprus question in common action, with the withdrawal of foreign troops, to preserve the independence and integrity of the island and the close cooperation of the two communities in all sectors.

Fourth: Such an arrangement in the relations between Greece and Turkey would contribute to the development of friendly relations between them and of creative cooperation such as the one inaugurated in the days of Venizelos and Kemal Ataturk.

If the two countries carefully evaluate the favorable effects--short- and long-term--of such cooperation and if they understand how dangerous the continuation of the current situation is because with every passing year it leads, among other things, to deterioration of their standard of living, then they must jointly seek from the U.S. a guarantee on the inviolability of their frontiers and to move in adopting a policy which would serve the interests of both countries.

Indeed, if Turkey wishes the restoration of friendly relations with Greece, as her political leaders recently declared, then it must positively aid such an arrangement.

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CSO: 3521/58

POLITICAL

ITALY

PCI'S NATTA INTERVIEWED ON PRE-CONGRESS DEBATE

PM061651 Milan L'UNITA in Italian 5 Jan 86 pp 1, 18

[Interview with CPI Secretary General Alessandro Natta by Romano Ledda in Rome--date not given]

[Excerpt] Rome--[Ledda] The objection has been made that if we set our sights on an alternative government we cannot then propose broad coalition program governments.

[Natta] That reflects a way of thinking that is slow to die out. There must be an end to the practice of predetermined alignments whereby the possibility of agreement on what is to be done is regarded exclusively as something to be discussed later and of secondary importance. During the most recent government crisis we proposed another method and a specific program for a genuine exchange of ideas. We were not needed. The results are there to be seen by all. This is why it is essential to give priority to a real program debate without any prior establishment of inclusions or exclusions.

[Ledda] But this approach should also apply to an alternative process and government....

[Natta] This is undoubtedly so, from the viewpoint of program consistencies [coerenze programmatiche]. And indeed the demand for the alternative stems precisely from the fact that because of historical reasons and specific political factors there is a greater affinity of interests and objectives between certain forces than between others. That Socialists and Communists--despite their political differences and clashes--stem from the same mold and retain many unitary links is an evident and not coincidental fact: The contrary would be unnatural. We are well aware that Catholic-style solidarity, which has been and still is present within the DC to varying extents, is a characteristic peculiar to the Italian situation. Of course present attitudes seem to indicate the prevalence of stances far removed from such a tradition and from a quest such as that pursued by Moro. But that does not diminish--in fact it increases--our duty to exert pressure in connection with the program.

[Ledda] But it has been said that for this very reason there must be a greater clarification of the platform of a possible program government, for instance in the field of institutional reforms.

[Natta] A force such as ours must be precise on all points of its program and any government must have clear and sharply defined options in all fields of its action. Of course, we are all equally convinced of the importance of institutional matters, though in this connection it must be borne in mind that the foundations of the constitution, which stemmed from such a great and united people's struggle, must be kept quite solid. It must also be borne in mind that institutional reforms must not seem like a requirement of the alternative. They are a requirement of Italian democracy. In any case European experience shows that even with every different political and institutional systems the alternative can be very difficult for the left-wing forces since it is connected primarily with matters of approach and the substance of policy and programs.

[Ledda] You mentioned the European Left of which, according to the [Congress] theses, we are an integral part. This adjective has prompted some discussions....

[Natta] It is a further confirmation and consolidation of an option that we rightly made with Berlinguer. In any case it would be incomprehensible not to continue along this path if we want Europe--in a sense extending beyond the EC--to perform a positive role in the world both in international relations and in the struggle against Conservative trends.

[Ledda] Another controversial point lay in international issues--the assessment of Geneva, the innovation of establishing relations with the U.S. democratic forces, the reassertion of our stances toward the countries of "real socialism."

[Natta] That is too many questions at once. But there is what is only apparently a methodological point which could serve as the basis for the various answers required. We are experiencing an international situation in which categorical analyses, oversimplifications in terms of black and white, are not facilitating and are in fact hindering the perception of what is stirring and therefore hindering action. What about Geneva? Of course the U.S.-USSR dialogue and a new return to detente are intricate and difficult processes that will take time. But a clear awareness of the difficulties must not cause an attitude of suspicious skepticism or static caution. A major political force must be able to intervene, to contribute, and to exert pressure to ensure that the positive processes make headway. Our criticism of others is in fact based on their inability to pursue a dynamic policy.

[Ledda] The point has been made that you are not facing Reaganism and its policy with sufficient strength....

[Natta] The dangers of Reaganism must be seen and fought with strength, as our party has done and is doing. But it would be extremely shortsighted to reduce a great and complex situation like the U.S. situation to the current administration.

[Ledda] This brings us to the new quality of the theses on relations with the United States.

[Natta] No great political force can dodge this issue. In facing this problem we have drawn on the ideological tradition of a force like ours which has always striven to look at all realities without preconceptions. We have a duty to have a proper attitude on this great question precisely because we feel we are and indeed are a government force operating in Europe. And a proper attitude is one which can both voice criticism and seek positive solutions to the problems raised.

[Ledda] But there is also controversy about our positions on the countries which have "real socialism." The decision to refer to the previous congress' decisions has been described as "unexpected...."

[Natta] It would have been unexpected and serious if we have not referred to these theses. And it is unacceptably inaccurate to maintain that at that time we attacked the October Revolution and gave the verdict that it was exhausted. The reverse is true. We fully appreciated and appreciate the historical value of that extraordinary event. The verdict on the political and economic forms taken by that society and on the specific policies of the leadership groups is a different matter. A position of uncritical praise is wrong and does not serve any purpose or help anybody. Serious mistakes were made and it was right to condemn them. Without far-reaching reforms these societies will be unable to make progress. It was greatly to Berlinguer's credit that he upheld these theses with strength and courage: The facts proved him and all of us right. We welcomed the arrival of a new leadership group which succeeded in launching an operation of open political readjustment and starting a process of more fundamental rethinking. Heaven help us if we had not been independent in our decisions and if we had maintained that independence.

/9599

CSO: 3528/51

POLITICAL

NORWAY

KRASNAYA ZVEZDA ON NORWEGIAN MINISTER'S 'ANTI-SOVIET' STANCE

LD121335 Moscow TASS in English 1354 GMT 12 Jan 86

[Text] Moscow January 12 TASS-- KRASNAYA ZVEZDA characterizes the anti-Soviet allegations of Norwegian Defense Minister Sjaastad, voiced by him at the military society in Oslo, as an attempt to justify the open departure of the Norwegian Government from its obligations not to let foreign troops and nuclear weapons be deployed in the territory of the country.

Storage facilities for heavy armaments and technology have been built in Trondelag for a U.S. Marine brigade which is to be shipped to Norway in a "crisis situation." The newspaper FORSVARETS FORUM says that storage facilities for heavy armaments for the Canadian, British and Dutch contingents of the NATO backup force are going to be built 20 kilometers to the north of the Bardufoss Air Force Base.

The public has also learned facts indicating that American aircraft carrier task forces intended to deliver nuclear strikes at vital centers of the Soviet Union and other countries of the socialist community are going to be deployed off the Norwegian shores.

This was stated, in particular, by U.S. Admiral McDonald, supreme allied commander in the Atlantic.

NATO troops regularly stage maneuvers and exercises in Norwegian territory. For instance, on the day Sjaastad spoke at the military society, the Norwegian telegraph bureau announced that major NATO exercises, Anker Express-86, would be held in the north of the country in March.

But this escalation of war preparations, the newspaper continues, is viewed by Defense Minister Sjaastad as a measure "strengthening the basis for the further preservation by Norway of a low-tension profile in the north."

But in reality, KRASNAYA ZVEZDA stresses in conclusion, the expansion of NATO's militarist activities in the north of Europe that is being rationalized by the Norwegian defense minister poses a threat to the security of the peoples there and whips up tension in the region.

/12712

CSO: 3600/31

POLITICAL

TURKEY

DENKTAS REPLY TO UN SECRETARY GENERAL

Istanbul CUMHURIYET in Turkish 3-4 Dec 85

[Text of TRNC President Rauf Denktas' letter to UN secretary general; date not given; passages enclosed in slantlines printed in boldface]

[3 Dec 85 pp 1, 10]

[Text] Introduction

Following the unsuccessful Cyprus summit convened on 17 January in New York between TRNC President Rauf Denktas and Spiros Kyprianou, leader of the Greek Cypriot administration, UN Secretary General Javier Perez de Cuellar continued his efforts to find a peaceful solution to the problem and, in consultation with the Greek Cypriot side only, prepared a second document which Denktas calls the "Consolidated Draft" and which is different from the one presented to the sides on 17 January. This document, which the Greek Cypriot side accepted but the Turkish Cypriot side rejected, was referred to by U.S. President Ronald Reagan last week in his Cyprus report to Congress, and the stance adopted by Reagan was interpreted by diplomatic observers in New York as a roundabout way of backing Kyprianou in the elections to be held this weekend in the Greek Cypriot sector. Yet, the Greek Cypriot opposition, headed on one hand by Glafkos Klerides, leader of the right-wing Democratic Rally, and on the other by the pro-Moscow AKEL, was incensed when Kyprianou rejected the document presented by Perez de Cuellar on 17 January, accusing him of causing an impasse in the Cyprus problem, and forced the elections being held next Sunday. In his letter to the UN secretary general, Rauf Denktas details the differences between the document (draft agreement) dated 27 November 1984 which formed the basis of the 17 January summit and the document dated 12 April 1985 which Perez de Cuellar drew up in contact only with the Greek Cypriot side. He then points out why the second document is unacceptable. Now when Kyprianou, who favors the 12 April 1985 document, is engaging political battle with the Greek Cypriot forces which favored accepting the 27 November document, Denktas' letter to Perez de Cuellar clarifies the current phase of the Cyprus problem.

Excellency,

I had informed you earlier that we had examined the differences between the document entitled "Draft Agreement on Cyprus" dated 12 April 1985 and the Draft Agreement presented at the 17 January 1985 summit conference and that I would forward to you our observations on this matter as soon as the new government was formed and I found the opportunity to discuss it with them.

It gives me pleasure to inform you that I have reached the position to present to you our views and observations on behalf of the Turkish Cypriot side, which has always striven with consistent good will to contribute constructively to your efforts within the framework of your duty.

However, I would like to discuss certain general aspects of our position in this regard before going into the details.

We, the Turkish Cypriot side, believe that the solution to the Cyprus problem may be found through negotiations to be held between the two sides on a basis of equality that you will oversee. We have proved, not just in word, but by our actions before the entire world, that we desire a just and lasting solution to the Cyprus problem. Indeed, world public opinion held Greece and the Greek Cypriot side responsible for the failure to conclude an agreement at the 17 January summit conference. There were certain valuable lessons for everyone in that outcome. Clearly, one side cannot be condemned to live in uncertainty for as long as the other side does not want a problem to be resolved. This was explicit in the Turkish Cypriot side's constructive attitude during the indirect talks.

The attitude and actions of the Greek Cypriots and Greece since the January summit have clearly shown that they do not sincerely desire the resolution of the Cyprus problem through the formation of a bizonal federal state based on the political equality of the two sides and that their long-term goal is to recreate the conditions that would lead to Greek annexation of the island. It has been the unchanging attitude of the Greek Cypriot side that the constitutional guarantees should be eliminated which have to do with the legislative and executive processes envisaged for the Turkish Cypriot side to prevent one of the two founding parties from imposing its will on the other. It is, in fact, now clear that their intention is to reduce to a minimum the safeguards that would protect the existence of the Turkish Cypriot side within a federal framework and a bizonal federal state, and their desire to phase out these guarantees over time. In other words, they are understood to be committed today to the very goals they had in mind when they signed the London and Zurich Agreements *mutatis mutandis* (the necessary changes having been made). Their goal is to have sovereignty over the island in every way, including the use of force. The steady increase in arms and strengthening of forces in southern Cyprus are sufficient proof. Under these circumstances, you must understand that we rightly doubt whether even the guarantees contained in the 27 November document are sufficient for us.

The Greek Cypriot leader Kiprianou has demonstrated in statements he has made both during the January summit and since that date an approach wholly inconsistent with the basic elements of the "Draft Agreement" which we had produced at the end of the indirect talks and which we accepted. The matter of real and effective guarantees is an absolute priority of Turkey's. It is of vital importance to the Turkish Cypriot people. Moreover, the insistence by both Mr Kiprianou and Mr Papandreou on the withdrawal of Turkish troops as a prior condition to a solution of the Cyprus problem is sabotaging your efforts and gives us the impression that the Greek Cypriot side has no desire at all to find a solution to the Cyprus problem.

Difference Between Two Documents

Following these general observations, I shall move on to a detailed breakdown of the differences, both procedural and substantive, between the 12 April 1985 and 27 November 1984 documents.

The "Draft Agreement" drawn up in light of the results of the indirect talks was intended to establish a fine balance between the interests of the Turkish Cypriot and Greek Cypriot sides. The fact that the document constitutes a "whole" was a guarantee intended to eliminate the possibility that the balance established with such care after 5 months of talks would be altered unilaterally. This vital feature of the "Draft Agreement" was clearly expressed in the 27 November document:

"The sides have reached agreement on the following matters which must be considered as a whole."

This matter was expressed also in the assurances you gave that not even so much as a comma could be changed in the document without the approval of both sides. For this reason, it was obvious that the addition of new elements to this document or the deletion or alteration of existing elements would destroy its intrinsic delicate balance. Such a situation would call for new efforts and would force the establishment of a new balance by way of mutual agreement.

It was clearly stressed in the reports dated 12 December 1984 and 2 February 1985 which we submitted to the Security Council that the document constituted "a whole." However, we noticed that a statement to the effect that the document constituted "a whole" did not appear in the report (S/17227/Add.1), dated 11 June 1985, which you presented to the Security Council.

The Turkish Cypriot side, having endorsed the principle that the document constituted "a whole" and with the understanding that the Greek Cypriot side would have the same attitude, accepted the document in full and in the form in which it was presented to the 17 January 1985 summit conference. However, the Greek Cypriot side did not want to accept the document without making changes and, therefore, it was not possible to reach agreement.

Under these circumstances, the need arose to start from scratch to agree on a new foundation for direct negotiations. The Turkish Cypriot side, in light of the lessons learned from the 17 January summit, informed Your Excellency that it would be appropriate for preparations aimed at resumption of direct talks to be made with patience, care and attention.

We fully believe that the efforts you have been making since the 17 January summit to find a solution to the situation which arose upon the Greek Cypriot side's rejection of the "Draft Agreement" are intended to advance toward finding a solution to the Cyprus problem. With a compelling desire that it be a support to us in this task, we have examined with good will and attention the document entitled "Cyprus Draft Agreement" and your views on procedure.

I would like to point out at the outset that we have noticed significant differences, both in procedure and substance, between this document and the 27 November document. What is more, the new draft document is the product of contacts and discussions which you had exclusively with the Greek Cypriot side. The 12 April 1985 document, for this reason, goes beyond consolidation of the 27 November 1984 document.

Deviations in Second Document

I must point out that the differences mentioned include basic deviations from the principles which the Turkish Cypriot people see as necessary conditions for ensuring a lasting peace on Cyprus. The large majority of basic differences between the 27 November 1984 document and the text of the new draft have to do with and impact upon these fundamental principles:

- a) Equal political status of the two communities,
- b) Bizonality,
- c) The security of the Turkish Cypriot people,
- d) Continuation of adequate and effective guarantees by Turkey, which we see as the guarantor of our right to live, our existence and our security,
- e) The participation of the two peoples as politically equal units through equal input into legislative and executive decisions and the equal right to vote,
- f) The framing and implementation of the "three freedoms" in a way that will offer no threat of any kind to the security of the Turkish Cypriot people; no tampering with the bizonal structure of the proposed federation,
- g) Possession by the federal government of only those duties and powers which the federated states agree to grant it and having all other powers reside in the federated states.

The differences which we identified follow, listed for convenience in order by the paragraph in which they appear in the "consolidated draft":

I.(1) Paragraph 1.1(L):

In this paragraph, the statement "which is to be discussed as dependent upon international guarantees" following the word "security" was changed to read, "which is to be discussed as dependent also upon international agreements concerning Cyprus." Certainly there is no need in this context to avoid stressing once again the importance and necessity of placing the word "guarantees" plainly in the text. Moreover, the addition of the word "also" is, in our opinion, gratuitous.

(2) In the same paragraph, the phrase "(which comes under the area of federal responsibility)" appearing in parentheses after the word "security" implies that matters involving the police, courts, preservation of law and order, etc., would devolve upon the federated states. The Greek Cypriot side had agreed on this point during the intercommunal talks. The limitation of the federal state's powers as regards security to the aspects of this matter concerned with federal responsibility is of great importance.

The deletion of the parentheses surrounding this phrase in the "consolidated draft" will lead to erroneous interpretations. The phrase "which comes under the area of federal responsibility" in the 27 November document implies only "in the measure that it comes under the area of federal responsibility" and this is undoubtedly its meaning. Although it does not seem important at first glance, removal of the parentheses changes the meaning of the phrase to "because it comes under the area of federal responsibility" and for this reason may be understood as having expanded the federal government's duties in this area.

(3) Paragraph 1.2:

In the fifth paragraph of the "Introduction" section of the 27 November document, it is clearly stated that the "remaining powers" would reside in the federated states. This fundamental provision does not appear in the "consolidated draft." This important difference violates the spirit of the 27 November document and its characteristic of being "a whole."

Differences in Legal Procedures

(4) Paragraph 2.1:

/The provisions appearing in paragraph A of article 2 of the introduction to the 27 November document were added to this paragraph. This may appear at first glance to be a simple "consolidation" operation, but, actually, many elements have been compressed into this one important provision, and another provision, meanwhile, has been changed to differ from the outcome which would have been the original intent. Bearing in mind that the possibility for the Turkish Cypriot side to have equal influence with the Greek Cypriot administration in the legal process has been completely lifted as it were, this seems to be an attempt to create a new situation.

/Ten of the 12 powers and functions listed in the 27 November document, those appearing in the first paragraph, are described as "important problems."/

In the document which we presented to Your Excellency on 26 November 1984 and which was an important step forward, we proposed, based on past experience, that federal laws be passed by separate majorities in the two assemblies. As Turkish Cypriots, we saw how, based upon the Greek Cypriots' numerical majority on Cyprus, that if they were not checked by the Turkish Cypriots in the legislative organs, they would be able to pass laws unilaterally and, therefore, endanger our rights, our security and even our existence. We explained

clearly to you and your staff the vital importance this matter holds for us and the need for the Greek Cypriots to be barred from imposing their own desires on the Turkish Cypriots.

The UN secretary general informed us during the talks that there was no need for separate majorities in federal functions such as veterinary services, setting standards and weights and measures patents (paragraphs (h) and (i) in the federal list) and that it would facilitate agreement if we would forgo the separate majority on these two functions. We were also told that the Turkish Cypriot 30-percent majority in the Senate would be sufficient to carry a vote in these two relatively unimportant functions and that, if there was mutual accommodation, the Greek Cypriots would not be able to impose their wishes on the Turkish Cypriots.

/The phrase "important problems such as the 10 functions in list 1" which appears in paragraph 2.A of the introduction/ can be interpreted in only one way:

The named 10 functions, regardless of any modification or qualification, are the important problems. Certainly, there is no doubt that the 10 functions listed in the first paragraph of the introduction to the 27 November document are important. Moreover, we were told that the 10 functions appearing on the federal list, excluding paragraphs (h) and (i), were the most "important problems" in the open contract concluded.

It is noticed that all of the guarantees provided the Turkish Cypriot sector in the 27 November document were removed during the rewriting of the text.

The rewritten text specifies that /a working group shall be formed to determine the degree of importance of the 10 out of 12 functions referred to above./ In the rewriting of the text, the description of the 10 functions referred to as "important problems" is converted to "certain problems" among these functions, although the working group to be formed may assess these 10 functions as "important problems." This is a fundamental and important change which will lead to the unilateral passage of laws in almost every area by the Greek Cypriots without effective participation by Turkish Cypriots. The important concessions by the Turkish Cypriot side on 27 November 1984 were made in the belief and faith that the letter of the document would be applied and that the Greek Cypriots would not pass any legislation unilaterally without the consent of the Turkish Cypriot side. The solution envisaged in the 27 November document was inspired by the rationale that, in the federation consisting of two separate and equal communities, all laws would be passed by common agreement between the founders.

(5) Paragraph 2.1:

As you pointed out in your letter of 16 April 1985, the provision in paragraph 2.A of the introduction is the one which envisages that, in the other problems, at least 30 percent of the Turkish Cypriots in the Senate would be needed to carry a vote. (The same provision applies to 2 of the 12 functions on the federal list. Separate votes are not necessary for these two functions, for instance.) The provision does not appear in the "consolidated

draft." During the indirect talks and the intercommunal talks, we clearly pointed out that, depending on the exigencies of time and circumstance, any topic may become important for the security and well-being of the Turkish Cypriots. Yet, the consolidated draft makes it possible for the Greek Cypriots to pass laws and resolutions in the legislature even if the Turkish Cypriot members are unanimously opposed to these laws or resolutions.

The Turkish Cypriot side had insisted, in light of past experience, on the separate majority system in federal activities. However, it later agreed during the indirect talks to be content with the minimum 30 percent of Turkish Cypriot members in the Senate for a favorable vote in only two of the 12 functions appearing on the federal list, that is, in paragraphs (h) and (i) of the first paragraph of the 27 November document. In addition, the removal of any one of the elements in the "draft agreement" violates the "wholeness" of the draft.

(6) Paragraph 2.2:

This paragraph speaks of constitutional guarantees against the unconstitutionality of a law passed by the legislature and discrimination against another community and mentions a "trouble-shooting mechanism" to invoke to prevent an impasse in the legislature.

The decisions of the Constitutional Court, which will rule on whether a law or resolution passed by the legislature is unconstitutional or discriminatory, are accepted as final. At the same time, just like the "trouble shooting mechanism," the formation of a "compromise committee," the legislative process and the referendum decision are also accepted.

The preparation of the 27 November document and the process of our contacts related to the document itself clearly reveal that the role of the Constitutional Court is a purely legal role. The letter which we presented to Your Excellency on 27 November 1984 envisages the ability of both sides to appeal to the Constitutional Court in cases of unconstitutional or discriminatory laws and the lodging of this appeal after the legislature passes the law. This view is shared also by the secretariat general.

In connection with the role of the Constitutional Court, this second provision of paragraph 2.2 of the "consolidated draft," as stated many times therein, coincides with the notion that the Constitutional Court is an organ of the law. This view of the function of the Constitutional Court was guaranteed by the agreement reached on 27 November 1984 within this framework.

Likewise, the composition and function of the compromise committee, the provision on referendums and the trouble-shooting mechanism conform to the 27 November decisions.

Nevertheless, it is seen in the penultimate provision of the paragraph in question in the "consolidated draft" that a nonspecific function is assigned and the legislature's trouble-shooting function is turned over to the Constitutional Court before laws are passed. We find this difficult to

understand and inconsistent with the functions of the Constitutional Court as accepted. Members of the legislature may oppose bills for many reasons, not just because they are unconstitutional or discriminatory. The Constitutional Court cannot be permitted the inconsistencies which arise from the political exigencies of the legislature's members. The Constitutional Court exists as "a constitutional guarantor" and cannot be viewed as a "trouble-shooting mechanism," which is a political mechanism.

(7) Paragraph 3.1:

We perceive the words "in addition to this" added to the first and second sentences of paragraph 3 of the 27 November document as a concrete change which could completely alter the meaning of the paragraph.

Vice Presidency, Foreign Ministry

(8) Paragraph 3.2:

The sentence beginning "1960 Constitution" which appears in paragraph 1.A of the introduction to the 27 November document was used in order to stress that the vice presidential right of veto had been expanded as compared to the 1960 Constitution. Backing up this sentence, articles 50 and 57 of the 1960 Constitution, which explain resolutions and laws by the legislature, resolutions by the council of ministers and the veto right of the vice president, were expanded in the new constitution.

Nevertheless, paragraph 3.2 headed "Consolidated Draft" explains that the presidential and vice presidential right to veto is limited only by the legislature. This also implies that this right of veto was expanded in comparison with the 1960 Constitution. The veto right of the council of ministers is not included in the paragraph headed "Consolidated Draft." In our view, this is an important omission.

Moreover, this must be noted also, that throughout development of the 27 November document the veto right was limited so as to include only the functions of the legislature and, in this way, the "plus" sign was implicitly changed to a "minus" sign. The new statement implies going back even further than the 1960 Constitution. This change conflicts with the open contract given us on this matter.

The presidential and vice presidential right of review of laws and resolutions as explained in paragraph 3.2 headed "Consolidated Draft" applies to laws and resolutions adopted by both the legislature and the council of ministers. This situation makes the obvious omission in the provision on the veto right even more suspect.

(9) Paragraph 3.3:

A provision concerning a "weighted vote" in the council of ministers favoring the Turkish Cypriot side appears in the first paragraph of the introduction to the 27 November document. The provision is this: The "weighted vote" is

a simple majority in which the Turkish Cypriot side casts a single deciding vote. The obvious meaning of this provision was that decisions in the council of ministers would pass by a majority vote, but the one Turkish Cypriot minister could cast a favorable deciding vote. In any case, even though this important and basic provision has been completely left out, the rest of the draft resolution ought certainly to appear in the consolidated form. Instead, it was deemed adequate to make reference to this question, which introduces an exception to the weighted vote principle, at a procedural level only in a working group.

(10) Paragraph 3.3:

In this paragraph of the consolidated draft, it is pointed out that one minister will be Turkish Cypriot. In this context, we would like to present once again for your notice our position in the letter dated 26 November 1984. To wit:

"If one community receives the presidency, the other community shall receive the foreign ministry." Entrusting one large ministry to the Turkish Cypriots was envisaged even in the 1960 Constitution. As you well know, just as this decision was not sufficient for a Turkish Cypriot to assume leadership of the Foreign Ministry in practice, neither did it prevent the Greek Cypriots from portraying the state of Cyprus as a Greek Cypriot state only, in appearance and in deed, in foreign relations.

We would like to point out once more that the bicomunal structure of the future Federal Republic of Cyprus is fundamental and nonnegotiable. The bicomunal structure of the Federal Republic must find its expression both in substance and in form, and no room must be allowed for the state to be represented in the outside world in a one-sided way or for one community to be ignored and the other of the two communities on Cyprus to be represented exclusively.

It is not even necessary to point out that the agreement which made it possible for the presidency and the post of foreign minister to be held by the same community in the past led to abuse of the bicomunal structure of the state by that community.

While taking meaningful steps toward compromise for the purpose of facilitating Your Excellency's mediation initiatives and finding a peaceful solution, we have made our fundamental position most clear as regards the need for the Presidency and the Foreign Ministry to be held by different communities. Our legitimate desire in this regard was not fulfilled in the 27 November draft. The proposal now being made to have this topic discussed in the working group, meanwhile, adds nothing, because, it is not even necessary to say, we have not had the right to date and will not have the right in the future to bring the topic of the distribution of ministries and, in this context, certainly, the Foreign Ministry, to the working group agenda for discussion.

[Text] Yesterday we published the first part of TRNC President Rauf Denktas' letter to UN Secretary General Javier Perez de Cuellar. The last part picks up today where yesterday's edition left off, beginning with Denktas' explanation of his view that if the presidency of the bicomunal Cyprus Republic whose establishment is being drafted, the other community must occupy the Ministry of Foreign Affairs:

In essence, this item is linked to a transformed composition of the presidency. The structure of the state requires that one community hold the presidency and the other, the foreign ministry. This is a political and logical necessity. On the other hand, there is no logical and organic tie between the "logical voting" principle (mentioned as a mandatory method in Council of Ministers meetings as specified in paragraph 1.A in the introduction to the November 27 document) and the problem of which community will be given the Foreign Ministry. The linking of the two subjects procedurally at one point in the talks does not alter the validity of this stance.

When the second paragraph of your letter, which you sent to us along with the consolidated draft by Mr Holger, is combined with paragraph 3.3 of that draft, it is made clear that, in exchange for placing a topic whose discussion is natural and unavoidable on the agenda of the working group, the Turkish Cypriot sector is expected to give up one of its most important rights and sit down to negotiate it with the other side. Since we have had the right since the very beginning and always will have the right [as published] to bring to the working group agenda the topic of letting the Turkish Cypriot side have the Foreign Ministry, we cannot be asked to give up an earned right, the guarantee of the weighted vote in the Council of Ministers and the weighted vote in the Senate, as set forth in paragraphs 1.A and 2.A in the introduction.

The "weighted vote" in the Council of Ministers and the Senate are principles to which the Turkish Cypriot sector ascribes great importance and which ensure their effective participation in the state administration.

Constitutional Court

(11) Paragraph 3.4:

The Constitutional Court, which ought to be a "constitutional guarantee," is shown in the relevant paragraph in the "consolidated draft" as a part of the "trouble-shooting mechanism." With respect for the constitutional and fundamental rights and freedoms and preservation of the supremacy of the law as the point of departure, the right must exist to appeal to the Constitutional Court decisions adopted by the Council of Ministers on grounds of violation of the constitution or discrimination. Moreover, this right of appeal must occur without regard to whether an impasse developed during Council of Ministers voting on the resolutions it has passed.

If the voting is deadlocked in the process of adopting a resolution in the Council of Ministers, as well as in the legislature, this would only show that the resolution was unconstitutional and discriminatory and was being adopted as the result of political and economic expediencies. The only way to overcome such an impasse is through mutual understanding and political compromise. The Constitutional Court is an organ of justice, not politics. Since the presidency of the Constitutional Court will be held by a judge from a third country, he cannot indulge political preferences or judge the political responsibilities of elected representatives of the two communities.

The term "guarantee" is usually perceived in the sense of protecting the society in the numerical minority against arbitrary decisions by the society in the numerical majority. This function, then, may be performed by the Constitutional Court.

Meanwhile, the "trouble-shooting" mechanism is intended to prevent difficulties that arise during the decision-making mechanism. In this framework, the "trouble-shooting mechanism" may be envisaged as a referendum. For this reason, the appropriate place to use the wording "in the event of an impasse" is in the second sentence of the paragraph on referendums, not the first sentence.

(12) Paragraph 4.1:

The thrust of this paragraph is the same as paragraph 4 of the 27 November document. In our contacts during the indirect talks, the secretary made it irrefutably clear to us at every level that the "tripartite body" mentioned here was the Constitutional Court. Even so, the word "argument" employed in this paragraph leaves no room for doubt that this is a judicial body.

Doubtless for this reason, provisions for the composition of this court appear only in this paragraph, even though reference is made to the Constitutional Court in numerous paragraphs.

Because the "tripartite body" referred to in this paragraph is the Constitutional Court, no need was felt to repeat elsewhere that this court would be composed of three members, one Turkish Cypriot, one Greek Cypriot and one non-Cypriot.

Since the term "Constitutional Court" is used plainly in the altered portions of the consolidated draft, it must have been deemed necessary to use this term, particularly in this paragraph, in order to prevent any misunderstanding.

(13) Paragraph 5.1:

That the federal state to be established on Cyprus is to be bizonal is a matter on which agreement was reached a long time ago. We have always made it clear to Your Excellency at every opportunity that we will not accept any arrangement which would deny this bizonal characteristic of the federal state, which would lead to the slow erosion of this characteristic or which

regard and eroded hopes for securing a long-term peace on Cyprus. The most recent and incontrovertible stance by the Greek government in this regard was taken by Mr Papandreou on 23 July 1985. Papandreou said on this date that Greece could never accept a solution encompassing the presence of a single Turkish soldier on Cyprus. The Greek Cypriot sector then pointed out that it shared the prime minister's views.

The Turkish Cypriots' lack of guarantees and the Greek Cypriots' taking advantage of this live on in the memory as leading to the Cyprus problem in the first place. Striving for an agreement encompassing the fundamental components of a just and lasting peace on Cyprus between the Turkish and Greek Cypriots seems to have come about only since the Turkish Cypriots achieved security. In order that the federal state may exist in the future, it is necessary that the Turkish Cypriots feel themselves to be completely secure and that their guarantees, in fact, be in place.

The Turkish Cypriot people will feel themselves secure and will be secure only under the effective guaranty of Turkey.

The problem of the withdrawal of armed forces from Cyprus is linked directly to the system of guarantees contained in the 1960 agreement which was signed by Turkey, Greece and Britain in addition to the island's two communities. It is impossible to resolve this problem exclusive of those three countries.

The Turkish Cypriot side can forgo neither the effective guarantee of Turkey nor the security provided by Turkish troops deployed on the island within the framework of a general agreement. The Greek Cypriot side's persisting in this, whether openly or in a veiled way, will hamper the search for a lasting solution from the outset.

Doors Open to Misinterpretation

(16) Paragraph 8.1:

The phrase "for the Turkish Cypriots" has been changed in the second sentence of this paragraph to "of the Turkish Cypriots." Although this seems to be a small change, in fact it narrows the scope of aid to be provided the Turkish Cypriots.

(17) Paragraph 12.1:

The wording of this paragraph was changed from that in the 27 November document. The difference here, unlike that in paragraph 10.1, is not just a matter of style. It would have been sufficient here to point out, as in the 27 November document, that "an adequate mechanism" would be established and that the two sides would decide together on the composition, procedure and terms of reference of this mechanism.

would cause its meaning to be lost. This being our position, it is most clear that we cannot accept any approach envisioning implementation in a way contrary to the letter and spirit of the "three freedoms" which appear in Guideline 3 of the 1977 Denktas-Makarios agreement and in paragraph 5 of the 27 November document, which is based on this agreement. Such an approach would endanger the security of the Turkish Cypriots and destroy the bizonal character of the state. I would particularly like to re-emphasize the importance we ascribe to this point.

Our view is this, that the fundamental elements relating to the "three freedoms" spoken of in the third paragraph of the introduction to the 27 November document bear vital importance for us in that articles 13 and 23 relating to the same freedoms in the 1960 Cyprus Republic Constitution could not be implemented from this standpoint. All of them have been left out of the consolidated draft.

(14) Paragraph 6.1:

The "29+" (twenty-nine, plus) percentage in paragraph 4 of the introduction to the 27 November 1984 document is an expression of the agreement we reached with the UN secretary as regards the percentage of Federal Republic land belonging to the Turkish Cypriot sector, which, although falling between 29 percent and 30 percent, would be closer to 30 percent. The "29+" figure in the 27 November document records this agreement. In the third round of indirect talks, we had reached a unity of view with you on placing this land percentage in the introduction since Your Excellency had invited the two sides to present their final positions on this, not their negotiating positions as in all other areas.

There would be no need to state that the expression of territorial size in the "consolidated draft" as around 29 percent is quite different from the introduction to the 27 November document.

Turkey as Guarantor

(15) Paragraphs 7.1 and 7.2:

Your Excellency is quite well aware of the vital importance to the Turkish Cypriots of paragraph 7 in the 27 November document and paragraphs 7.1 and 7.2 in the consolidated draft. The intention of Greece and the Greek Cypriot sector is clearly expressed to eliminate Turkey's status as the effective guarantor of our fundamental safety and security on Cyprus. In the initial session of the first summit conference we held in New York on 17 January, Mr Kiprianou made no secret of his intentions as regards the withdrawal of Turkish units on the island and elimination of Turkey's status as guarantor. The notices which the Greek government and the Greek Cypriot sector have published and the statements they have made since the 17 January summit regarding guarantees and the withdrawal of foreign units and elements on the island by the Greek Government and the Greek Cypriot sector [as published] have demolished the principles on which agreement had been reached in this

(18) Paragraph 13.1:

It is stated in paragraph 13 of the 27 November document that working groups shall be formed "in light of political decisions adopted at the top level meeting." Yet, no mention is made of this in the "consolidated draft." It is clear that this omission gives rise to an important procedural difference.

The 27 November document has only a general provision (paragraph 13) stating that the "details of the said agreement" will be taken up in working groups. However, in addition to this general provision in the "consolidated draft" (paragraph 13.1), certain topics proposed for discussion in the working groups are specified (paragraphs 2.1, 3.3, 5.1, 6.1).

Rewriting the draft in this way leaves the door open to misinterpretation. For example, one might assume that certain important details of the proposed treaty could not be taken up in the working groups. It will be recalled that Mr Kiprianou insisted on the discussion of certain topics at the summit conference only. He could now base this claim on the new statement appearing in the "consolidated draft." For this reason, the treaty must clearly state that all details may be taken up in working groups.

Proposed Explanation

II. Now I would like to present our views on the "explanation" proposal of which you spoke in your letter of 12 April 1985.

The full text of the explanation has not been conveyed to us. Only certain elements of its contents were related orally to our representative in New York, Mr Ozer Koray, by our [as published: your?] deputy. The "explanation," in our opinion, does not stop at significant procedural changes and reversals; it departs from many aspects of the terms of the 27 November document and seriously jeopardizes these terms.

If a treaty were to be achieved as the result of new talks held on a foundation of equality, certainly it would be possible to make an official explanation in the sense that "the sides have accepted the treaty attached." This explanation could not incorporate any change in or divergence from the substance, spirit and letter of the treaty.

However, an explanation of the kind Your Excellency is understood to have in mind would be impossible for us to accept.

Clearly, the proposed explanation is under consideration by Your Excellency as an inseparable part of the treaty. In this case, no topic on which the two sides are not in full agreement can be included in the explanation. Moreover, if the explanation includes provisions on which the two sides have reached agreement, they must be clearly set forth in the treaty. In this case, it is understood that the explanation would cover certain provisions which the Greek Cypriot side does not wish to include in the treaty.

Reserving our right to express our views on the full text of the explanation when we receive it, we wish to set forth below our views on the elements of the explanation which were presented for our attention:

a) The aspect of the explanation dealing with "international personality" alters both the letter and spirit of the 27 November document and paragraph (c.1) of the "consolidated draft." This change is detrimental to the Turkish Cypriot side.

b) In connection with "other powers," there is no justifiable reason for deleting from the text of the 27 November document a precise provision on which agreement had been reached with the UN secretary and transferring it to the text of the proposed explanation.

If the explanation text is to be deemed as having the same status as a treaty, there is no need to relocate this provision. Conversely, if the explanation text is to be considered distinct from the treaty, changing the location of the provision on "other powers" is tantamount to a substantive change.

c) The sentence appearing in the explanation which implies that territorial quality must be discussed and that the wording of "article 6(1)" reflects the percentage designated in the preliminary talks expresses the view which Mr Kiprianou advanced at the 17 January summit. This view is intended to repudiate the territorial agreement reached in the third round of the preliminary talks.

As I pointed out in paragraph 14, part I of this letter, we cannot accept any deviation intended to reduce the land percentage. The change incorporated into the explanation becomes even more grave when considered in light of the term "in the order of."

d) As for the guarantee clause of the explanation, such an explanation is both unfounded and uncalled for. The guarantor states are Turkey, Greece and the United Kingdom.

The Turkish Cypriot side has stated firmly that it can never accept the termination of Turkey's status as guarantor. The Turkish Cypriot side attended the 17 January summit with this understanding. The explanation opens the topic of guarantees to debate. This is a matter which the Turkish Cypriot side cannot accept.

e) The Turkish Cypriot side, given adequate guarantees, has not objected to drawing up a schedule for the withdrawal of non-Cypriot troops or the implementation of these arrangements following the formation of a provisional federal administration.

In light of the above considerations, it is impossible for us to accept the proposed explanation either procedurally or substantively.

Greek Cypriot Attitude

III. The importance we give to Your Excellency's loyalty to the principles "No change will be made in the text of the 27 November document without our approval" and "The draft agreement constitutes a whole" will be understood from our letter. We are sure, for this reason, that you will share the views and anxieties we have expressed in connection with the "consolidated draft."

As will be understood from the analyses and observations expressed above, we are dealing with a new text incorporating important and substantive changes, not a "draft agreement" corroborating the 27 November document. In fact, the Greek Cypriot side has not stopped at divulging these texts, which are supposed to be kept secret, but has informed the public on various occasions that we are dealing with a /new/ text very different from the 27 November document and incorporating changes favorable to the Greek Cypriot side.

In the first session of the summit conference on 17 January 1985, we both heard Mr Kiprianou's statements rejecting implementation of the fundamental concepts of the "draft agreement" such as "equal political status" of the two sides, "bizonality," "international guarantees," "security" and the "three freedoms" in such a way as not to harm the bizonality of the state in practice and the security of the Turkish Cypriot people. We regret to point out that Mr Kiprianou and other officials of the Greek Cypriot administration have continued since 17 January and particularly in recent weeks to make statements radically divergent from the terms and intent of the 27 November document.

As Your Excellency is well aware, an argument is in progress in the Greek Cypriot press over whether Mr Kiprianou did in fact accept the "consolidated draft" and considers it a starting point for negotiations. A Greek Cypriot administration spokesman refused to answer when asked about this.

Under these circumstances, I feel it necessary to state again, as I did in my letter of 4 May 1985, that I must know what the Greek Cypriot side accepted, how and in what measure they accepted it and whether they insist on their own interpretations and concepts of various aspects of the draft text.

Efforts Not in Vain

Excellency,

I have tried, as stated earlier, to summarize our views on the "consolidated draft" in the preceding pages. I am ready to resume contacts in this regard. Your special representative has informed me that you are seeking an opportunity for us to meet. I shall certainly be happy to meet with you at a mutually agreeable time and place. I reserve the right to present, in light of the views I have set forth briefly above and any information and views which may come from you, other proposals which we may have.

We, the Turkish Cypriot side, sincerely desire the procurement of lasting peace on Cyprus. We believe that the two peoples of Cyprus, whose possession of a common right as equal founders in the political structure of Cyprus cannot be denied, will be able to come together under a federal roof with equal political rights and are able to live side by side in peace and security on a bizonal geographical foundation. We reiterate our view that this goal may be achieved through direct talks to be held under the aegis of the secretary general within the framework of UN Security Council Resolution 367 of 12 March 1975.

In addition, I would like to assure you that your efforts over a long period of time, first as special representative, then as deputy secretary general and now as secretary general, to find a negotiated solution to the Cyprus problem have not been in vain. I believe that a sound foundation has been laid on which to build the Federal Republic of Cyprus of the future thanks to these efforts.

Finally, I would like to point out once again that we will continue in the future as we have to date to support you in your duty and good will initiatives.

I wish Your Excellency success in all your endeavors.

Excellency, please accept my regards,

Rauf R. Denktas

President

Correction and Apology: In the part published in yesterday's newspaper of TFSC President Rauf Denktas' letter to UN Secretary General Perez de Cuellar, the term "bizonal" was printed as "biregional." The Turkish Cypriot side has long advocated the need for the federal republic to have a bizonal foundation and has rejected a biregional basis. We regret the error. [Correction made in text.]

8349

CSO: 3554/25

MILITARY

DENMARK

FORMER MINISTER, AIR COMMANDER WARN OF PILOT DRAIN

Ground Crews Also Leaving

Copenhagen AKTUEL in Danish 16 Dec 85 p 5

[Text] Copenhagen: Former Defense Minister Poul Sogaard (Social Democrat) has demanded in a letter to Defense Minister Hans Engell (Conservative) that the personnel drain from the Danish Air Force be discussed in the special eleven-man committee that is complying with the defense agreement of 1984.

The problem is unfortunately not just the acute and continually rising pilot drain, but also an increasing lack of flight technicians. The normal departure of technicians is 20-40 a year from all the air bases, but 50 technicians left Vaerlose Air Base alone in the period from January 1984 to September 1985. For the most part they went to private firms that can offer higher wages, Sogaard said. Many firms in Jutland are advertising eagerly for personnel trained as air force technicians. Of 600 applicants for a series of positions in Dong, 200 were selected to be interviewed. Among these 200 were all the applicants from the air force technicians group.

Sogaard says that it is to a great extent the wage difference that is important. "We know, among other things, that the wage difference in the basic pay for a flight mechanic in the military and in a civilian airlines company is about 30,000 kroner a year. This will undermine preparedness, and the question must therefore be addressed," Sogaard said.

As a solution he proposes that the resources for the basic training of new personnel be used to keep the experienced personnel. He also recommends a better adaptation of worktime rules and a solution through negotiations with personnel organizations.

Plane Maintenance Already Problem

Copenhagen AKTUELT in Danish 19 Dec 85 p 25

[Article by Berit Andersen]

[Text] The defense staff now fears that the flight of technicians to private industry, where the wages are much higher, will soon cost human life.

"There are already problems now in maintaining aircraft because of a lack of technicians. And dispensations are being granted to such a degree that it is becoming indefensible. Where is the limit? Does an aircraft have to go down and kill people before the responsible politicians wake up?" Finn Busse, president of the Central Association of Regular Personnel (CS), said. CS has organized 10,000 employees contracted for the Danish defense forces.

For some time, the focus has been on the 20 pilots who are leaving the air force for SAS, where wages are much higher. But they are just the tip of the iceberg, the Central Association for Regular Personnel says. For the drain of technicians is much greater. It includes special flight mechanics and electronic technicians who can make up to 50,000 kroner a year more in private industry than in defense.

The Association expects that about 100 technicians will leave this year. This is twice what one has seen up to now and twice the number being trained. And if immediate measures are not taken to keep technicians, preparedness cannot be maintained.

Retention

CS believes that to keep technicians one must first of all attain a wage situation that can compete with private industry. And they have told Defense Minister Hans Engell that they want to take part in the discussion of this. "We have suggested, among other things, a redistribution of the existing resources in such a way that some of the large amount of money the Defense Department uses for the basic training of personnel be converted to higher wages for the trained and experienced personnel," Henning Wittus, president of the Sergeants' Union, said.

They have also suggested a change in the administration of worktime regulations, and, as something quite different, a new system of grades in which privates, for example, would be called flight specialists. CS believes this will make it more attractive to be in the defense forces.

The defense minister has not reacted at all to these appeals. The Central Association has therefore gotten former Defense Minister Poul Sogaard (Social Democrat) to go on the offensive and demand that the personnel drain be taken up in the eleven-man committee.

"The consequence of what is happening at this moment is an undermining of preparedness, because nothing is being done to keep personnel. Hans Engell bears the responsibility for this. Here he is doing something that is much worse than Social Democratic footnotes and agenda resolutions that are making NATO lose confidence in the Danish defense forces. Hans Engell is about to break the defense agreement and can very well be risking NATO's loss of confidence in his and the nonsocialist government's defense policy," Finn Busse said.

Long Periods of Education

The Central Association of Regular Personnel complains that the defense minister still does not want to recognize the problem of the increasing drain of technicians and the resulting risk to human life. "We cannot, as the minister claims, educate ourselves out of the problem. On the one hand the drain is constantly increasing. On the other hand we will lose within the next ten years 600 because of age alone. And we can also have recruiting problems when the numerically low youthful age groups begin to mature and serious competition for youth begins, Finn Busse and Henning Wittus pointed out.

Defense Chief Worried

The newly appointed defense chief, Admiral S.E. Thiede, is worried about the increasing drain of personnel from all three branches. He points out that the public sector as a totality cannot compete in wages. He will try to hold the number of regular personnel at the present level. He said to the latest issue of the magazine, STAMPERSONEL, that "we will retain our people and make it attractive to be employed in defense. I have no patent solution, but this is quite clearly a problem we must solve in cooperation with the personnel organizations."

F-16 Pilots to SAS

Copenhagen BERLINGSKE TIDENDE in Danish 3 Jan 86 p 3

[Article by Nils Eric Boesgaard]

[Text] The commander of Skrydstrup Air Base, Colonel O.W. Jensen, expects a large drop in F-16 pilots, who are being lured away by the high wages of airline companies.

"We understand very well those who are leaving. To each his own," the commander of Skrydstrup Air Base, Colonel O.W. Jensen, said yesterday in a New Year's speech. In a speech to the base's assembled personnel, the colonel talked about the crisis that threatens the Danish Air Force if the civilian airline companies with SAS at the head get the opportunity to hire such a large percentage of the air force jet pilots that at least one squadron of F-16 aircraft will be unmanned.

"SAS' need for an increase of pilots in coming years shows that the society is facing a very serious lack of experienced professional pilots. The government's general attempt to hold down wages in the public sector will make it impossible to improve the position of the air force pilots so that competition with the civilian economy will be possible. A struggle will arise that the air force will inevitably lose," Colonel Jensen said.

"Of course the situation is serious, but the matter is being dealt with now at a high level, and therefore I do not wish to say much at all about it," the commander of the Air Force Tactical Command, Major General C.S. Borgesen, said to BERLINGSKE TIDENDE.

A Ten-Year Commitment

"Obviously we cannot prevent the pilots from leaving. This would, as far as I know, require an enabling act similar to the one we had shortly after the war, whereby one could retain people. One cannot do this today.

"The pilots commit themselves to remain in the air force for ten years. After this, they become ordinary civil servants who can seek discharge on an equal footing with all the rest."

Major General Borgesen knows nothing of an official NATO criticism of pilot departure from the Danish Air Force such as has been discussed in the Danish press.

"Since Airbaltap, the headquarters of the NATO Baltic Sea Air Command, lies just across the road from Karup Air Base, and since we know them very well, we talk about it, and obviously they are just as much influenced by the situation as we others are, but these remarks are the only ones I have heard from NATO," the major general said.

Borgesen added that the drain is not just a Danish phenomenon. "We know it from Norway and Sweden, and the American Air Force has a very large departure rate at present."

9124

CSO: 3613/51

MILITARY

FRANCE

ROLAND MISSILES TO PROTECT U.S., GERMAN BASES IN FRG

Paris LIBERATION in French 18 Dec 85 p 7

[Article by J.GL.: "Roland Missiles Seek U.S. Army Contract"]

[Text] Aerospatiale is certainly not reticent where triumphant announcements are concerned. Indeed, for the third time in 3 years, that French aerospace manufacturer has crowed over the same Roland short-range--6.3 kilometer--surface-to-air missile system contract for the sale of 115 fire units and some 4,000 missiles valued at \$700 million. These air defense systems, designed to protect German and USAF bases in the FRG, are produced by the Euromissile consortium, an economic interest group (GIE) consisting of West Germany's Messerschmitt-Boelkow-Blohm (MBB) and France's Aerospatiale. The first documents relative to this contract were signed on 6 December 1983. A second pertinent agreement was signed on 12 July 1984 covering, this time, the financial terms and conditions of the contract.

The finishing touch which has just been made to this contract is, therefore, merely a confirmation. Under the terms of the U.S.-German agreement, the FRG will man, operate, and support the Roland fire units during the missile system's entire service life (life cycle cost contract). In exchange, the United States will provide and deploy the medium-range Patriot surface-to-air missile systems designed to complement the Roland units.

Euromissile officials hope that this first successful sale will enable Roland to contribute in the next few months to equipping the U.S. Army which is seeking a new battlefield air defense system. This will not be Roland's first attempt to penetrate the American market. In 1975, the U.S. Army conducted competition designed to determine what missile system was most capable of protecting its ground forces against massive air attacks. Roland won this competition against such rivals as Thomson's Crotale system, British Aerospace's Rapier system, and Ford Aerospace's Chapparral system. Boeing and Hughes were then assigned the task of "Americanizing" the Roland system by adapting it to national standards, but the experiment ended in failure. After spending \$1 billion, U.S. military authorities purchased merely 31 Roland fire units and assigned them to the Rapid Deployment Force stationed in New Mexico.

The all-weather version of the Roland currently marketed by Euromissile is to be succeeded soon by the upgraded Roland 3 version with increased interception range. But Aerospatiale is also currently studying a new-design missile,

the Aster, which will be able to engage helicopters as well as fixed-wing aircraft. This missile will no longer be steered by movable ailerons but by side-mounted gas jets enabling the missile to react with extreme rapidity.

If the decision to initiate development of the Aster is made, in a year or sooner, this new missile could be deployed by both ground forces and naval forces by means of adaptable propulsion modules. Aerospatiale and MBB are also jointly developing the Mach 2 ANS (supersonic antiship missile), planned as successor to the Exocet system. Furthermore, Aerospatiale has formed another GIE with its German partners and British Aerospace. In the next few years, this new consortium, Euromissile Dynamics Group, will produce advanced tactical missiles designed to replace the HOT and Milan [antitank] missiles currently manufactured by Euromissile.

8041/9869

CSO: 3519/82

MILITARY

FRANCE

DASSAULT UNVEILS RAFALE PROTOTYPE, PLANS MIRAGE 4000

Paris LES ECHOS in French 16 Dec 85 p 11

[Article by A.-E.R.: "Dassault Revives Mirage 4000 Program"]

[Text] Had the French Government actually wished to display a certain aloofness toward Dassault it would not have acted differently. The fact is that no cabinet minister attended Saturday's unveiling in Saint Cloud of the Rafale demonstrator aircraft, the prototype of France's new-generation fighters. Even the general delegate for armament, detained in London, was represented by his assistant.

Despite the large part played by the government at all levels of the Dassault company and in its programs--Rafale was financed in 1985 with 800 million francs in company funds and 410 million in public funds--Dassault officials, as is their custom, reaffirmed, at this unveiling of their 92d prototype, their own efficient but solitary *modus operandi*.

Marcel Dassault, the first speaker, said that the Rafale will be "the world aircraft" and will "probably be ordered by foreigners before it is ordered by France." In an effort to refurbish the company image, Bruno Revellin-Falcoz, Dassault-Breguet's senior vice president for engineering, cited the company's tradition of cooperation and confirmed that "contacts have been made with European countries that might desire to participate in the Rafale project." At the present time, those countries are the Netherlands, Belgium, and Sweden.

Revellin-Falcoz also described most of the aircraft's technical characteristics which are indeed impressive. However, he made only a slight passing reference to such more confidential aspects as the hardening of the aircraft against nuclear and electronic warfare, and the reduction of its radar, optical, and infrared signatures. It is obvious that Dassault has once again demonstrated that it is still in the forefront of fighter aircraft research and development.

But the man who actually continues to be the company's real boss, also emphasized the relative youth of the teams that designed this aircraft. The average age of key personnel in certain divisions is under 35. This was Marcel Dassault's allusive way of showing that his company already has the manpower qualified to relieve the "Old Guard."

Dassault-Breguet, which succeeded in upsetting the European Fighter Aircraft (EFA) project, remains true, whether it be private or nationalized, to its lifelong strategy of single-handedly taking the technological initiative and creating a fait accompli. In fact, the Rafale fighter demonstrator aircraft was completed in accelerated fashion and unveiled 6 months earlier than planned, thereby taking possession of what may be called shifting ground.

But Dassault-Breguet has other eggs in its basket. For instance, the company, without referring the matter to its ministerial control authority, has made the decision to build the prototype of a new Mirage 4000 fighter to be armed with Mirage 2000 weapon systems. Company officials felt that to compete with the multinational--English-German-Italian-Spanish--EFA, the Dassault line had to include a heavy twin-jet fighter aircraft. Hence, the company is now offering the Mirage 4000 to its principal customers.

In any event, Dassault officials frankly expressed their total opposition to U.S. proposals of transatlantic cooperation in the production of combat aircraft. A senior company official contended that such cooperation would mean that "we would no longer be able to sell a single aircraft for export." He added that he could not imagine France accepting such proposals: "Francois Mitterrand did not clearly express his reservation about the far-off Strategic Defense Initiative only to now turn about and hand us over to our major competitors".

Admittedly, the Rafale demonstrator aircraft is powered by American engines--two General Electric F404 engines--but, here again, this is traditional. Dassault simply moved ahead more rapidly than its French engine supplier. There is no question, however, that the production version of the Rafale fighter will be powered by Snecma M88 engines.

8041/9869

CSO: 3519/82

MILITARY

GREECE

PROMOTION OF PORT CORPS OFFICER PROVOKES OUTCRY

Athens | VRADYNI in Greek 23 Nov 85 pp 1, 3

/Text/ Commodore Aristides Papandreou, who until yesterday was the Piraeus Port Commander, has been promoted to rear admiral by the Government Council for Defense /KYSEA/ and has been appointed to the post of chief of the Port Corps.

He is the same man who, during the 7-year dictatorship, arrested the current PASOK Minister Sifis Valyrakis (who was then port commander in Kerkyra) and who has been accused even by the pro-PASOK newspapers of becoming an ardent follower of PASOK after its electoral victory in October 1981, although he was one of the most ardent supporters of the dictatorship.

The new chief of the Port Corps, who comes from the Merchant Marine, is considered to be the instigator of a provocative list of "democratic officers," which circulated last June. The officers included on the list "would be persecuted by ND if it won the election" according to PASOK propaganda at the time.

The new chief has stated in the past that he will implement any decisions of the political leadership and therefore it is considered certain he is not going to oppose the downgrading of the Port Corps as planned by the PASOK government.

Following the choice of Commodore Papandreou, his senior, Commodore G. Spartiotis, who was deputy chief of the Corps, was retired. Retired also were Commodores St. Lainis and Ag. Georgakopoulos.

After the retirement of the aforementioned officers, Captains Kh. Tsaroukhis, An. Dimarakis, Em. Faroupos and G. Vakopoulos were promoted to the rank of commodore.

Commodore Ka. Ndounis is considered most likely to become deputy chief of the Port Corps.

The remaining two captains are An. Tzanos, consular port commander in the U.S. and Ath. Morfopoulos, who were passed over. Captains St. Politakis and Kon. Papanastasiou follow in terms of seniority.

7520

CSO: 3521/58

MILITARY

NORWAY

COLUMNIST QUESTIONS VALUE OF PERMANENT U.S. NAVAL PRESENCE

Oslo AFTENPOSTEN in Norwegian 3 Jan 86 p 2

[Op Ed Article by Arne Olav Brundtland: "U.S. Permanently in the Norwegian Sea?"]

[Text] Arne Olav Brundtland of the Norwegian Foreign Policy Institute discusses important questions about the situation in the northern area. After the American Secretary of the Navy John Lehman came on an official visit to Norway a couple of years ago and briefed on his naval strategy of advanced, powerful and early inputs in the north, we have never really had the debate that we need as a nation. The Defense Committee brushed the idea aside in 1984 when it took the position on further expansion of the defense forces. But the problems are too important for us to avoid debating them for long. Developments can occur over which we can have little influence and even less understanding of in Norwegian politics.

Developments have demonstrated that the Norwegian Sea is a steadily becoming a more interesting ocean area. Last summer the Soviet naval exercise Sumarex-85 took place and in the fall the Western exercise Ocean Safari-85. Both were large exercises. Ocean Safari-85 was larger than previous exercises of the same series. Sumarex was noteworthy in that new and heavier ships were employed. But it did not represent any dramatic step up. With certain exceptions it was a repetition of the pattern of Soviet exercises since 1968. Nevertheless it was a powerful reminder of where we are on the map, and of Soviet naval interests in our area.

The development of the Soviet Northern Fleet is the most important reason for Norway's policy of advance storage. We do not want to risk being helpless behind forward Soviet naval positions. With advance storage in place we will be able to reduce the transit time of an American Marine infantry brigade from about 30 days for sea transport to about 30 hours for air transport. That gives greater flexibility in an eventual crisis situation. But allied inputs in Norway also assume resupply of different kinds by sea.

Sufficient?

The question of whether this is a sufficient security policy measure together with what we are doing besides to protect our airfields and other things was recently raised by Rear Admiral Jan Ingebrigtsen in AFTENPOSTEN (6/12). His reply was clearly no. In order to achieve sufficient security he clearly and directly raises the sensitive question of whether it is not in Norway's interest to urge our American allies to deploy parts of the Atlantic Fleet in the Norwegian Sea, preferably on a permanent basis. He believes we should do that. He also believes that we should in different ways, including more advance storage, create the proper conditions for such a new American role.

This is a bold idea which deserves attention. Ingebrigtsen admits besides that such deployment could lead to increased tension, contrary to traditional Norwegian desires. But he finds that we would gain increased security at a somewhat higher level of tension. That is better than if low tension results from turning these ocean areas over exclusively to the Soviets.

How Strong Are the Soviets?

I agree with Ingebrigtsen that it is not in Norway's interest that the Norwegian sea be turned over exclusively to the Soviet Navy. But it is hardly a question of that. In comparison with the American Navy, the Soviet Navy is not in the habit of permanent operations in large formations at sea. That causes a large number of problems for the Soviets. They have many more days in port. But Ingebrigtsen is undoubtedly correct in saying that they have a better starting position to reach the Norwegian Sea first, especially if NATO does not follow up and have this possibility in mind.

Low Tension

The traditional Norwegian low-tension concept does not assume that in peacetime there will be a regional military balance in the north. Still the low-tension policy assumes that the agreements Norway has with its allies about support in crisis or war are real. In that way there is the first security policy balance, which is a precondition for low tension.

When Ingebrigtsen began speaking of a permanent presence of parts of the American Atlantic Fleet in the north, he also said that the regional balance would be seen better from a NATO perspective. From a military viewpoint that can appear logical. But the question must also be judged from other viewpoints.

Antisubmarine Warfare

In the first place one should ask what concrete tasks the American Navy would have. Ingebrigtsen seems to assume antisubmarine warfare. That is a problem which has two sides. Is it possible in peacetime to increase antisubmarine capabilities northward without at the same time making the Soviets concerned about their own counterattack capability which is tied to submarines carrying long range nuclear missiles? In such a case would that not lead to powerful

Soviet countermeasures, as no superpower wants to have such a capability seriously threatened?

In the second place one should take into consideration the general possibility of a naval arms race in the north. An arms race can be necessary to attain a certain necessary minimum, but beyond that the advantages can rapidly decrease and stability weakened.

In the third place one should evaluate whether to demonstrate the ability to dam up the spread of Soviet submarines, thereby getting the Soviets to spread out in peacetime and creating a much more widespread and active pattern of surface ships and submarines than what would otherwise be the case.

I admit that the problems are complex and believe it would be an advantage to have a larger American presence.

But the issue should be discussed much more thoroughly before we follow Admiral Ingebrigtsen's recommendation and urge our American allies to make permanent naval deployments of parts of the Atlantic Fleet to the Norwegian Sea.

9287

CSO:3539/55

MILITARY

SWEDEN

MINISTER, AIR FORCE COMMANDER FEUD OVER PERSONNEL SHORTAGE

Commander Cites Problem's Seriousness

Stockholm SVENSKA DAGBLADET in Swedish 9 Dec 85 p 7

[Article by Omar Magnergard]

[Text] A feud has broken out between defense leadership and Defense Minister Roine Carlsson on the personnel shortage in the armed forces.

"Unjustifiable," is what Air Force Commander Sven-Olof Olson thinks of the defense minister's statements on the question.

After a speech at the worker movement's peace forum Saturday, Roine Carlsson said in DAGENS EKO that he believed that the military leadership's latest statements on the personnel shortage in the defense forces had several causes:

"To some extent they feel the situation is serious, and to some extent they may perhaps want to point out to me the importance and function of personnel and the great and decisive importance of having all slots filled as was expected."

Not Acute

Carlsson does not want to call the statements by the military leadership tactics:

"I would rather see an increasing interest in personnel questions. But to say that the position is acute is perhaps too strongly put."

In the midst of Stockholm's supply command course ending and Christmas lunch at Frosunda on Sunday, Air Force Commander Sven-Olov Olson gave a sharp comment on what Carlsson said.

"Our new defense minister thinks that there is a new interest on the part of the supreme commander and us branch chiefs to begin to be anxious about personnel. Nothing could be more mistaken. Personnel is our most important resource in the armed forces. All supreme and branch commanders have realized this."

Indignant

The air force commander said to SVENSKA DAGBLADET that he was very indignant when he heard the defense minister on the radio. Not the least because Olson was recently himself in Carlsson's office and presented the defense personnel situation.

Olson also said that he was expressing himself on behalf of Supreme Commander Lennart Ljung (who is just now visiting our UN forces in the Middle East), Army Commander Erik Bengtsson, and Navy Commander Bengt Schuback.

Disappointed

"We were disappointed in the defense minister's statement. We will continue to strive to improve the situation among our personnel. The situation is acute not just among pilots and technicians in the three defense branches, but also among other specialists. The defense forces simply cannot compete in wages if immediate measures are not taken. We have an excellent training program, and this is a distinction that makes us proud. But training also makes our people attractive in the civilian market," Olson said.

Paper Dissatisfied with Carlsson

Stockholm SVENSKA DAGBLADET in Swedish 10 Dec 85 p 2

[Editorial: "No Success for Roine"]

[Text] Defense Minister Roine Carlsson was not a great success when he made his first real appearance in his new post over the weekend. In connection with a speech at the worker movement's peace forum, he downgraded the difficulties the Defense Department is now having in retaining qualified and vital personnel.

Since the military leadership considers the personnel drain to be the most acute problem in the defense forces -- a fact that also became evident at a press conference held by the supreme commander last week -- Carlsson invited an open conflict. The outspoken air force commander, Sven-Olof Olson, went on a direct counterattack. It is of course not the least in the air force that the departure of pilots and technicians can have direct and serious effects.

Nor did Carlsson otherwise give evidence at the worker movement's peace forum of any great understanding of the Swedish Defense Department's precarious situation after years of cutbacks and stagnating or hindering blows. He pointed to the tight economic situation and said that "We will not spend one krona more than what is absolutely necessary."

Now the worker movement's peace forum is not the place where Social Democratic ministers choose to speak of the needs of the defense forces. Nevertheless, Carlsson's statements will certainly cause anxiety for the Social Democratic position in the coming defense decision. Especially since the defense minister seems to have a somewhat exaggerated idea of the striking power of the defense forces today. He said, among other things, that we have one of the

best air forces in the world. His implied conclusion was that strong measures are therefore hardly necessary to improve the situation.

If the defense minister takes a look at the supreme commander's prospectus -- Supreme Commander 85 -- he will see a somewhat different picture. Right in the introduction the supreme commander writes, "The number of flying divisions has been cut in half. Training time in the air has been greatly reduced. We have shortages in electronic equipment and weapons in both attack and fighter units."

We certainly hope that Carlsson's continued studies in his new position, together with contacts other than the worker movement's peace forum, will open the defense minister's eyes for the Defense Department's great need for both personnel and material. The neutrality policy that the defense minister so warmly embraces certainly requires a halt to the weakening of the Swedish defense forces and a change to the opposite.

SAS Fears Pilot Shortage

Stockholm SVENSKA DAGBLADET in Swedish 10 Dec 85 p 6

[Article by Jan Thorsson]

[Text] The pilot training school in Ljungbyhed will not achieve the required training of pilots next year. The government wants 60 civilian pilots trained. It is not clear how many there will be. It is clear that only 18 will be taken in in January against an expected 30.

There are many reasons why things have not gone according to plan. One reason is that the accommodations at F 5, where the training is to take place, are not complete.

Another, and perhaps the most important, is that there are not enough pilots. It is more difficult to understand why there is a shortage of instructors.

According to the head of the school, Leif Arkehag, the reason is delays in the negotiations between the leadership in SAS and the pilot's union.

According to Director Ulf Cederwall in SAS, the company will provide the instructors as soon as it knows how many there are to be. At the same time he says that there is a shortage of instructors because active pilots generally do not have permission from the flight authorities to be instructors. This requires a special certificate.

But Ulf Cederwall thinks that it is not right to blame SAS if there are fewer students this spring than planned.

"I have personally informed the SAS representatives on several occasions during the past six months of our need for pilots," Arkehag said.

First Lieutenant Arkehag also said that the school has had much too short a time to accomplish the new assignments. "We are to increase our capacity by 300 percent in a very short time. We cannot just say abacadabra. We don't even have enough aircraft without having to double the number from day three to six."

The pilot school in Ljungbyhed is supposed to train civilian pilots for Swedish need. The shortage of pilots will be noticed in the next few years when several hundred new ones will be needed.

At the same time, the question of a common Nordic school is being discussed. Cederwall in SAS says he has received no information on the discussions and on how the need for instructors will be cleared up there.

Both SAS and the pilot's union want the present training to be run by civilian authorities and not by the military as it is now.

9124

CSO: 3650/104

MILITARY

SWEDEN

LANDSTING VIEWS CONTINGENCY PLANS FOR CAPTURED SUBMARINERS

Stockholm SVENSKA DAGBLADET in Swedish 12 Dec 85 p 7

[Article by Roger Magnergard]

[Text] Soldiers guarding riot barriers in a hospital. Dentists looking for poison pills in teeth. Care of submarine crews with decompression sickness in guarded pressure chambers.

These are some of the points that the Landsting Central Catastrophe Committee in West Norrland is thinking about -- if the defense forces should be lucky enough to force up a foreign submarine.

"The defense forces are already improving. Therefore we must prepare ourselves mentally," the man behind the project, Romand Salomonsson of the Catastrophe Committee, explains.

After the submarine chases around our coasts in recent years, especially off Sundsvall, the Landsting has now felt the need of making a plan for medical care readiness if the military should get lucky.

Barriers in the Corridor

In the plan there are proposals for barriers around the critical reception areas -- in the hospital corridors. These barriers are to be guarded by the military to prevent attempts at escape and rescue.

"We must also prevent the public and the media from approaching the wounded crewmen. Then the hospital's normal activities must continue -- Swedes can also be wounded in a submarine chase, of course."

In his plan, Salomonsson does not rule out a military rescue attempt by foreign powers. This can warrant Swedish soldiers outside the hospital as well.

"Only wounded crewmen will be in the hospital. As soon as their condition allows, they will be isolated at a place decided upon by the military and/or the police."

Suicide Pills

In its plan, West Norrland's Landsting does not rule out the rapid necessity of dentists -- to look for poisonous suicide pills in the crewmen's teeth.

At the same time, strict secrecy will be imposed upon the hospital personnel. All information must be given out by the Landsting's information personnel.

Salomonsson does not think there will be any great risk that a forced up submarine crew will suffer decompression sickness. In submarines there is normal pressure. If a submarine is forced up quickly there should therefore be no problems.

"But to provide for all eventualities, there should be a plan to care for foreign seamen with decompression sickness in KA 5 pressure chambers -- under military guard.

Salomonsson has not heard whether other landstings have made similar plans. But he points out that they may exist -- "but perhaps they are secret plans."

According to the secret plan, all four hospitals in the state of West Norrland are to be ready to deal with foreign submarine crews.

9124

CSO: 3650/104

ECONOMIC

DENMARK

SCHLUTER INTERVIEWED ON ECONOMIC POLICY PLANS FOR 1986

Copenhagen BERLINGSKE TIDENDE in Danish 29 Dec 85 Sect III p 1

[Interview by Carl Otto Brix: "We Are on Our Way Into the Economic Security Zone"]

[Text] Poul Schluter and Niels Helveg Petersen rejoice together at the results of the economic policy, but their opinions differ when asked about the most important political issues in 1986.

The Radical Liberal Party adopted a new style in dealing with the government's economic measures in December--the so-called Christmas package. Unlike what had been the case on numerous previous occasions, the party did not participate in the decision-making process as to the content of the package prior to its introduction in the Folketing. Indeed, the party only took action and had the bill changed after it had been introduced by the government. Despite this changed style, Prime Minister Poul Schluter and Niels Helveg Petersen are on good speaking terms. During the interview, they had afternoon tea together.

The prime movers in Danish politics, Poul Schluter and Niels Helveg Petersen rejoice together at the rising exchange rates and declining interest rate. This development may be read directly from the prime minister's computer screen, set up next to the working chair of the government chief, and they do not conceal the fact that the figures to them reflect the policy which they have endeavored to pursue and are still endeavoring to pursue together.

Since the four-leaf-clover government was entrusted with the government power in September of 1984, the Radical Liberal Party with its ten seats has been the stable and faithful support of the government. This was reflected in the fact that the party voted for the Christmas package--the adjustments which the government with stubborn optimism refers to as the intervention.

Prior to the election in January of 1984, an unheard-of thing happened: The Radical Liberal Party stated that it wanted Schluter, with his 43 Conservative seats, to continue as prime minister. And so he did.

Niels Helveg Petersen does not, however, want to say today that he will repeat the success of 1984 in the next elections to the Folketing. He wants to wait

and see. The next elections to the Folketing will, after all, only take place in a couple of years. "Let us now have an entire election period of 4 years. It is long since we have had that, and the fact that we are not going to have an election until the latter part of the 4-year period is an advantage in itself."

The prime minister agrees with him. His goal is to wait with an election till the latter part of the year 1987.

[Carl Otto Brix] Would you prefer for that election to render the four-leaf clover independent of the Radical Liberal Party?

[Poul Schluter] I consider it an unrealistic idea that we four parties should be able to muster a majority together. Also in the future, it will be necessary to establish a cooperation among several parties in the Folketing, and the government is willing to enter into such cooperation. I am convinced that the government will be able to continue, for it has got results to prove its ability to govern and there will be even more before the election.

[Carl Otto Brix] The municipal elections did not point in that direction?

[Poul Schluter] The municipal elections provided beautiful support to the moderate, pragmatic Social Democratic mayors in the Danish provincial towns. But that is, after all, entirely different from the Social Democrats at Christiansborg [Danish Parliament]. The opinion polls that have been taken since the municipal elections do, indeed, show that the Social Democrats are unable to maintain the 36 percent of the vote they got on 19 November.

Historical Tradition for Holding the Balance

[Carl Otto Brix] Would you as prime minister have liked not having to depend upon the Radical Liberal Party?

[Poul Schluter] We must not forget--nor do we forget--that the Radical Liberals have different viewpoints in a number of areas. The cooperation, however, was the only way in which to carry on Danish politics. Please remember that the Social Democratic Party gave up and threw away its responsibility. The parties which have been working together seek results. If the cooperation had failed, the price would have been alarmingly high.

[Carl Otto Brix] Niels Helveg Petersen, is it not possible that one might come to feel a bit smug, knowing that the Radical Liberal votes will tip the scale?

[Niels Helveg Petersen] Of course, we are happy about ourselves, considering that we have got the best party. However, the position of holding the balance is not unfamiliar to the Radical Liberal Party. On the contrary, it is part of the party's history.

[Carl Otto Brix] Supposing that we disregard the security policy, would it then not have been much simpler if the Radical Liberal Party had participated in the coalition government?

[Niels Helveg Petersen] We were not asked, and if they had asked us, we would have declined. In order for us to participate in the government, a very comprehensive joint program would have had to be worked out, and that would take a long time. Actually, we achieve more by remaining outside the government. It is not attractive being entirely superfluous.

[Poul Schluter] We have never attempted to pressure the Radical Liberal Party. We probably would not have succeeded either. The party has undertaken its share in the responsibility, and we have achieved impressive results together. New jobs have been created, the unemployment rate among young people has dropped, and the deficit on the budget of the state has been reduced from 80 to 14 billion kroner. That is why foreigners talk about "the Danish miracle." We have solved the most difficult tasks and have put them behind us. We have achieved a new point of balance without destroying the welfare society and the social legislation.

[Carl Otto Brix] And you have made a tax reform, even with the support of the Social Democratic Party.

[Poul Schluter] The tax reform and the increase in real income form a good point of departure for the parties of the labor market to solve their collective bargaining problem themselves in the spring of 1987. We were not happy about carrying through the political intervention last spring. However, the stage has been set for less drama in 1986 than in the past year.

The Major Issues

[Carl Otto Brix] Everywhere, peace and no danger. Everybody is able to relax contentedly.

[Niels Helveg Petersen] It is not possible to create stability in a society without changing it. The tax reform is a good example of this. It is remarkable that the large majority of the Folketing is agreed on the policy of distribution. The reform also is a reflection of this.

[Carl Otto Brix] What will be the major issue in 1986?

[Niels Helveg Petersen] Profit sharing.

[Poul Schluter] The beginning of a pension reform.

[Carl Otto Brix] We have to go to the polls, said the prime minister, when there were signs of a majority being in favor of some form of profit sharing.

[Poul Schluter and Niels Helveg Petersen] Indeed, on this point, we really disagree.

[Niels Helveg Petersen] We want to supplement the incomes policy with co-ownership. We need that instrument in the economic policy.

[Poul Schluter] I oppose it because, at some point or other, it will lead to the formation of a centralized fund with a costly administration, and because it is not a question of a desire on the part of the people. It would be entirely wrong to carry through some form of profit sharing without parliamentary elections or a referendum. However, as yet, the majority of the parties do not agree on the way profit sharing should take place.

[Niels Helveg Petersen] In the opinion of the Radical Liberals, we do not need the Social Democratic model. Just look at Sweden as a frightening example. The wage-earner funds in that country have become a futile political issue and nothing else.

[Poul Schluter] I find it much more important to solve the pension problems existing for people who only have got their national pension to live on. That means, first and foremost, members of the Federation of Trade Unions. And I, moreover, quite like the American model where the pension funds purchase shares in the enterprises. That may also take place here, whereby the wage-earners will, actually, become owners of the enterprises.

[Niels Helveg Petersen] That does not solve the fundamental problem of industrial democracy. The outcome of it will be pension fund capitalism, and that does not remove the enormous distinction between employee and management. But allow me to add a couple of other important issues for 1986: the environment. We shall be forced to spend more fighting the pollution caused by industrialization. We have to pay the bill. Another issue is education. Reforms will have to be introduced, so that greater attention will be paid to those who are not academically gifted but have other capabilities--those who are musically talented or are good at working with their hands.

[Poul Schluter] I do not entirely agree with Niels on that. We have been busy solving an enormous task. We are now approaching the security zone. That provides us with freedom of movement to undertake other important tasks, such as the environment and education.

[Carl Otto Brix] What does that mean? That you appreciate each other?

[Niels Helveg Petersen] It has no bearing on the political content but probably on the climate of negotiations.

[Poul Schluter] I am always most delighted when, as in this case, I meet a political opponent whom I respect. That is among the pleasures of a more elevated kind in parliamentary life.

I do, indeed, also have a great respect for a man such as Gert Petersen of the Socialist People's Party--although I would not recommend him for the post of prime minister.

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ECONOMIC

DENMARK

INDUSTRY GROUP CHAIRMAN SEES GOOD YEAR AHEAD

Copenhagen BERLINGSKE TIDENDE in Danish 1 Jan 86 Sect II pp 1-2

[Article by Per Thygesen Poulsen]

[Text] Despite unavoidable compromises, the political course is the right one. We shall achieve balance in 1990 in our economy and employment, provided the politicians and industry adhere to the present line. The research efforts, however, will have to be intensified, the mobility increased and the educational sector will have to contribute to the retraining with a view to the future business community.

No other country in Europe is able to show such a high rate of economic growth as Denmark. A comparison with other countries shows that it is not merely a question of good fortune but that it is the consequence of the policy that has been pursued. That is why the Federation of Danish Industries is in a position to give the nonsocialist government good marks, even if, throughout the year, the Federation of Danish Industries has had to level criticism against the government when unavoidable compromises have caused the politicians to take one step backward after having taken two steps forward.

"The thing that is important for the Federation of Danish Industries is not which parties have the government power but the policy that is being pursued," Nils Wilhjelm, chairman of the Federation of Danish Industries, points out.

"Because of our role, the politicians are bound to find us more critical than we actually are. Our main conclusion for the last 2-3 years is that we are extremely satisfied with the policy that has been pursued. The developments within the trades and industries are good. Subject to a consistent continuation of the policy of recovery, we shall, by 1990, find that Denmark has largely restored the previous imbalance in its economy and employment, and that is the whole purpose."

Increase in Exports Continuing

The politicians are, actually, getting the increase in exports that they are looking for to cover our debt. And that increase will continue at an

accelerated rate in 1986. In 1984, industrial exports increased by 9 percent in net volume, price increases not taken into consideration. The Federation of Danish Industries expects the actual increase to be between 5 and 6 percent in 1985. The reason is a loss of export in the amount of approximately 5 billion kroner during the labor conflict in the spring, coupled with the simultaneous moderate slowdown in some of our markets. The Federation of Danish Industries expects the volume of our industrial exports to increase by another 7 percent in 1986.

That also means that employment within the industrial sector will increase by 15-20,000 employees. And for every person to be employed within the industrial sector, another person or two will become employed within the service trade, as salesmen, within the industrial and commercial building sector, etc.

"We do not want to claim that we are the only ones who are helping the country along, but the industrial sector is quite clearly the most important feature in our efforts to solve our problems on the long view," Nils Wilhjelm points out.

At the same time, there has been an increase in imports, one of the reasons being very sharp increases in investments within the trades and industries. When the upswing began to gather momentum, there was unexploited capacity in the factories. They are now operating at 90-95 percent of rated capacity, which means that for each new krone for which goods have to be sold, additional investments will be required.

In 1984, investments increased by nearly 30 percent, in 1985 probably by nearly 35 percent, as a result of which investments in current prices have now doubled to 15-16 billion kroner annually. That is a very positive sign. Total subsidies, export credits and subsidies to shipyards included, amount to only 2 billion kroner, which is an extremely low level by international standards. Each krone that is being invested is, therefore, expected to bring home further proceeds, not by some centralized body or other but by the individual enterprise which invests its money itself.

Bottlenecks to Be Removed

Although considerable unemployment still exists, bottlenecks begin to appear which may slow down progress. It is not only in some of the particularly much-coveted trades but also geographically, where some areas already now are practically without unemployment. Here, politicians have to help making it easier to find employment within somewhat greater distances than has normally been the case.

The declining number of children shows that there will be an overcapacity and, therefore, unemployment within the educational sector unless a readjustment takes place. This might suitably be effected by way of participation in the retraining for future jobs within the trades and industries, which is a task that the educational sector would be able to handle by retraining itself.

Research is a neglected area. Political agreements on retrenchment programs lead to retrenchments which also affect areas which instead ought to have far greater funds at their disposal. Whereas we spend approximately 1 percent of our gross national product on research, other countries spend 2-3 times as much. The inherent risk of this is very great.

A greater deal of the too scanty research ought, moreover, to take place in areas which may result in an increase of the technological level of our trades and industries. The enterprises will, no doubt, be able to manage the very practical development of their products, but a country which owes 225 billion kroner abroad has to list its priorities in spending its scanty funds.

Danish Industry Becoming International

Through purchases of foreign enterprises, the establishment of subsidiary companies, license agreements, the sale of shares on foreign stock exchanges, Danish industry is rapidly becoming more international. At the same time, Denmark has regained its reputation as an industrial country, enabling us to attract foreign establishments to this country. It is a positive development which will reinforce the industrial sector of Denmark in an increasingly international market.

We are well on our way to solving our pollution problems. Our environment policy is unique in that it has been worked out in agreement with the industrial sector. And over a number of years, the rate of pollution of every kind has been declining.

"By international standards, Danish industrial enterprises are small or medium-sized. They are able to convert their production rapidly, and we have practically no enterprises left within the old heavy industry sector," Nils Wilhjelm points out.

The membership of the Federation of Danish Industries comprises all the largest enterprises in Denmark. However, the majority of the enterprises are small, and, on the average, the member enterprises have approximately 50 employees.

It is for these small enterprises that the Danish industrial policy is being pursued. They are the ones for whom the Federation of Danish Industries is working when they grant assistance as service bureau, or ask for the help of politicians. Eighty percent of Danish industrial exports stem from the 20 percent large enterprises, and this will also be the case in the future. The efforts of furthering Danish industry will concentrate on helping some of the small enterprises become larger enterprises.

"The large enterprises need no other help than the one stemming from a good economic climate and a reasonable, long-term policy," the chairman of the Federation of Danish Industries concludes by saying.

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ECONOMIC

DENMARK

INCREASE IN DOMESTIC CONSUMPTION REGISTERED FOR 1985

Copenhagen BERLINGSKE TIDENDE in Danish 2 Jan 86 Sec III p 6

[Article by Vogg Love Nielsen and Kristian Hjulsager: "Consumption Up in 1985"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Private consumption of durable consumer products such as cars and appliances led the way in the consumption increase for 1985. The increase in public consumption should be seen against the background of a decline in consumption in 1984. Inflation dropped in 1985 in relation to past years.

Domestic consumption rose around 4 percent in 1985, which is slightly less than the increase in 1984.

The volume increase in private consumption has been estimated at 2.5 percent for this year, but public consumption also rose in 1985, which should be seen against the background of a decline in public consumption in 1984.

Business investment activity, and thus expansion of the production apparatus, was at a higher level in 1985 than it was the year before. On the other hand inventory expansion--as assessed on the basis of available indicators--has not been as strong in 1985 as it was in 1984.

Consumption

Growth in private consumption in 1985 was similar to the 1984 level.

In 1985 growth was especially pronounced in the area of durable consumer products, passenger cars and trips abroad. But there was a volume reduction in consumption of food products, beverages and tobacco.

The sharp increase in household consumption of durable goods and passenger cars should be viewed against the background of declining interest rates in 1985.

The retail sales index for recent months indicates the prospect of a somewhat more restrained increase in consumption in 1986.

Price Trend

The inflation rate for 1985, based on the consumer price index, has been set at 4.7 percent, while the inflation rates for 1984 and 1983 were 6.3 and 6.9 percent respectively.

Here at the end of the year the rate of consumer price increases is at a noteworthy level compared with the situation at the beginning of 1985. In November 1985 consumer prices were 3.4 percent higher than they were in November 1984. In the half year period from May to November the consumer price index rose less than 1 percent.

All signs indicate that the favorable price trend will continue in 1986. Thus an inflation rate of around 3 percent for 1986 is extremely likely.

The dramatic decline in the Danish inflation rate is connected with the sharp decline in the price of imported goods.

The wholesale price index for 1985 as a whole will show an increase of around 3 percent compared to 7 percent in 1984.

Throughout 1985 there has been a very low increase in the price of raw materials. The annual average raw material price index is around 1 percent above the 1984 level, when the rate of increase was around 9 percent.

Thus it can be noted that the very favorable international influences on the Danish inflation rate in 1985 should have led to an even lower inflation rate than the one we had. Thus there has been a boost in Danish cost levels again in 1985.

Income

Normal wage growth in 1985 has been somewhat higher than the income ceiling that was set in connection with the spring contract negotiations.

For the year as a whole hourly wages for industrial workers will show a rate of increase close to 5 percent, which is comparable to the 1984 level.

In contrast to real wage declines in previous years, real wages were generally unchanged in 1985. There is a prospect of an increase in real wages in 1986.

Wages for salaried employees in the private sector have risen more than blue-collar wages. The Danish Bureau of Statistics' report on wages paid to salaried employees in September of this year showed an increase of almost 6 percent in average monthly wages compared to the same month last year.

For public employees in general there will continue to be a decline in real wages.

Residual income, the share of production results that covers self-employment income and yields and depreciation on production apparatus, rose a good 7 percent in 1985, while the rate of increase in 1984 was close to 11 percent.

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ECONOMIC

DENMARK

MODEST INCREASE IN JOBS, PRODUCTION IN 1985

Copenhagen BERLINGSKE TIDENDE in Danish 2 Jan 86 Sec III p 6

[Text] Major Trends

A record number of people worked in 1985. For the second year in a row the increase amounted to almost 60,000. Unemployment in 1985 declined by a good 25,000.

At around 23 billion kroner the balance of payments deficit also set a record high, but foreign debt increased by only around 8 billion kroner because of exchange profits due to the fall of the dollar.

In 1985 consumer price growth was 4.7 percent compared to 6.3 percent the year before.

Public consumption increased 1 percent in terms of volume in 1985, while 1984 showed a reduction of 0.5 percent.

The rise in household consumption was due primarily to purchased of durable consumer products, passenger cars and trips abroad.

Table 1. Key Figures for the Danish Economy, 1984, 1985
(percentage change in relation to previous year)

<u>Sector</u>	<u>1984</u>	<u>1985</u>
Production and employment		
Gross National Product (volume)	3.5	2.5
Industrial production (volume)	5.5	3.0
Employment (number)	2.5	2.5
Unemployment (number)	-2.5	-9.5
Consumption and investment		
Private consumption (volume)	2.5	2.5
Public consumption	-0.5	1.0
Fixed gross investments	12.5	14.0

Table 1. Key Figures for the Danish Economy (Cont.)

<u>Sector</u>	<u>1984</u>	<u>1985</u>
Foreign trade		
Imports of goods and services (volume)	6.0	7.5
Exports of goods and services (volume)	4.0	4.0
Terms of trade	-1.0	1.0
Prices		
Consumer prices	6.3	4.7
Wholesale prices	7.5	3.2
Raw material prices	4.2	1.0
Wages and pensions		
Industrial workers	4.8	4.7
Public employees	3.5	4.0
Pension recipients	8.0	8.5

More People Working

Preliminary figures indicate that only 35,000 new workers joined the labor force in 1985, leading to a reduction of around 25,000 in the number of those who were unemployed.

This was the second year in a row with a sharp increase in the number of people gainfully employed. The Danish Bureau of Statistics estimated in connection with the annual publication of preliminary figures for the national account statement, etc. that there was an increase of 59,000 in the number of people working in addition to an increase of 58,000 in 1984. The increases were due almost exclusively to a rise in the number of wage earners, since there was an estimated decline in the number of self-employed workers--especially in farming--amounting to 1000 in 1984 and 3000 in 1985.

The increase in both years has been largest in industry and in the construction sector, but the private services group (trade, transportation, finance and insurance, etc.) has also shown a respectable increase. Employment in the area of public services remained unchanged from 1983 to 1984 and had a slight increase (7000, e.g. 1 percent) from 1984 to 1985.

In 1984 there were 50,000 more people (net) on the labor market, so that the rise in employment produced a decline in unemployment of only 7000. The preliminary figures indicate that the addition to the labor force will be only 35,000 in 1985, meaning that there could be a decline of around 25,000 in the number of those who are out of work.

Production

While the number of people working in 1985 rose by 2 1/2 percent, production as measured by growth of the Gross National Product in terms of fixed prices (see Table 1) also rose by 2 1/2 percent. This could indicate that national productivity did not increase at all during the year, which seems unlikely. The reason for the apparent zero growth in productivity could be that production was underestimated slightly, but it could also be connected with the fact that employment is measured in terms of the number of people working. This does not take into account the number of work hours that were lost in connection with the labor conflicts this spring.

When production is broken down into sectors, the percentage volume increase was greatest for raw materials production, construction and electricity, gas, heat and water supply. Among the "big" sectors growth was highest in industry, while by contrast there was almost zero growth in agriculture.

Foreign Trade

A larger than optimal share of the production increase was consumed in Denmark, while exports did not increase as much as had been hoped. Exports of goods and services rose 4 percent in terms of volume in both 1985 and 1984. Imports rose 6 and 7 1/2 percent in these 2 years, meaning that 1985 will not show the planned improvement in the balance of payments situation either.

Although import prices rose less than export prices, thus improving the terms of trade by 1 percent, the overall effect of price and volume trends in foreign trade was a deterioration in the balance of trade. The Danish Bureau of Statistics has not yet determined the deficit for 1985 as a whole, but for the first three quarters of the year the deficit was 3.6 billion kroner compared to 1.0 billion for the same period last year. Bearing in mind the latest foreign trade figures the deficit for the year as a whole is expected to reach 6 or 7 billion kroner compared to 2.1 billion in 1984.

Due to the decline in international interest levels and the more favorable rate of the dollar the interest deficit will increase by "only" a few billion kroner to a total of around 25 billion kroner.

All in all the Danish Bureau of Statistics estimates that the 1985 balance of payments deficit will be around 23 billion kroner, compared to 16.9 billion the year before.

Foreign Debt

With a balance of payments deficit of 23 billion kroner, Denmark has set a new record. But although the deficit set a new record, net foreign debt increased by 8 billion kroner, the lowest increase since 1975, as shown in Figure 1. The reason for this favorable result is also the trend in the exchange rate of the dollar, which has meant an exchange profit on foreign debt of around 15 billion kroner. It is estimated that at the end of 1985

net foreign indebtedness will be 226 billion kroner compared to 24 billion at the beginning of 1975.

Since 1976 foreign debt has increased year after year, partly because of the constant balance of payments deficits and partly because of the unfavorable trend in the exchange rates of loan currencies. From 1981 to 1984 foreign debt increased by 118 billion kroner to 218 billion and half of that increase was due to exchange rate losses.

The decline in the exchange rate of the dollar from around 11 kroner at the end of 1984 to around 9 kroner at the end of 1985 indicates a change in the bleak picture of constant exchange rate losses added to substantial balance of payments deficits.

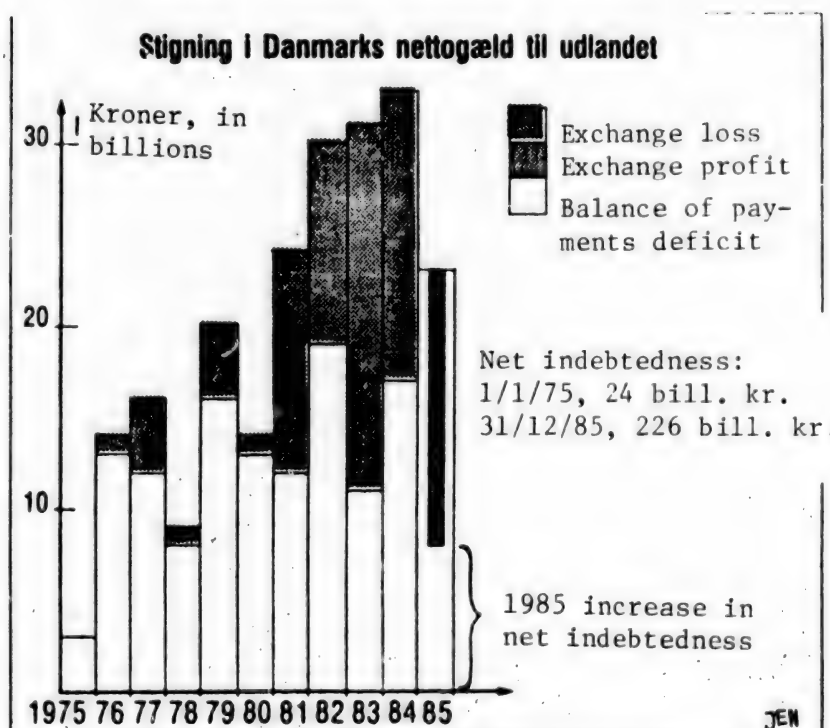


Figure 1. Increase in Denmark's Net Foreign Debt

1985 was the first year since 1975 in which foreign debt did not increase as a result of exchange losses. The decline in the exchange rate of the dollar in 1985 led to an exchange profit of around 15 billion kroner.

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ECONOMIC

DENMARK

PRODUCTION OF ELECTRIC CAR TO START IN AUGUST

Copenhagen BERLINGSKE TIDENDE in Danish 9 January p 8

[Article by Finn Knudstrup]

[Text] The consortium behind 'Denmark's national car,' the electrically operated Hope Whisper, has now secured half the capital needed to proceed from the prototype stage to the actual serial production.

Whisper's 'father,' Thure Barsøe Carnfeldt, tells BILEN:

"A total of 1,500 people and firms have, so far, subscribed for shares in the Whisper partnership. We are thus half the way. If we manage to obtain the remaining 1,500 partners by April, we would be in a position to start a serial production in August--and I am absolutely confident that we shall manage to get the desired 3,000 partners."

"Does it not alarm you somewhat that the people behind the other Danish car, Logicar, did not manage to procure sufficient capital?"

Thure Barsøe Carnfeldt: "No, that was a pity, but the Logicar and Whisper projects are entirely different. Logicar was not shown as a completed car. We are able to do that in the case of Whisper, which is ready to start and has been approved by the authorities in this country, in West Germany and in the United States,

In addition, Logicar is a traditional car in an untraditional design, while our Whisper is untraditional both to look at and to drive."

Danes Cannot Build a Car Themselves

"Besides," says Barsøe Carnfeldt, "I do not at all believe that the Danes are able to build a car."

"Which is to say that we are compelled to fetch expertise in countries with a tradition for building cars. Such expertise we have ourselves had to fetch from West Germany when we realized that it is not possible to create everything oneself."

"What will happen to Whisper if you do not get enough capital via partners?"

"I do not know, for I believe we shall succeed. I feel convinced that there is an interest in and belief in an alternative and pro-environment means of transportation--primarily for urban traffic. However, should we not succeed in obtaining the sufficient number of subscriptions, we shall have to resort to the more costly solution of raising traditional bank loans," says Barsøe Carnfeldt.

He adds that, "irrespective of the superficial press," it is still a fact that the Whisper consortium has entered into a framework agreement with a company in the United States for the delivery of 226,000 cars over a 10-year period.

The first year--probably in 1987--1,000 Whispers will be shipped to the United States, the following year 5,000, the third year 10,000, and so on.

Same Price as for a Rekord GL

The electric car from Hadsund will in August sell for 68,000 kroner in the street and inclusive of a set of batteries, designed to last for 3 years and yielding up to 100 kilometers of driving at 60 kilometers per hour on an even road without headwind--per charge.

Once the batteries have been used up, Barsøe Carnfeldt expects new types of batteries offering longer duration and more power, to be on the market.

The low sales price is due to the fact that Whisper like other electric cars is exempt from tax at its registration.

If the car were taxed like gasoline or diesel operated cars, the price would probably have been in excess of 200,000 kroner.

The price of 68,000 kroner for Whisper may thus not be compared directly with the price of a car such as a Fiat Uno.

For if the taxes were removed from a conventional car, one would be free to choose between Whisper and a brand-new 2-liter Open Rekord with four doors and GL equipment!

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ECONOMIC

DENMARK

STATISTICS OFFICE REVISES POPULATION FORECAST UPWARDS

Copenhagen BERLINGSKE AFTEN in Danish 20-26 Dec 85 p 3

[Article by Frede Vestergaard]

[Text] Women in their thirties are increasing the birthrate markedly. In its most recent population prognoses, the Department of Statistics, therefore, has made an upward adjustment in the number of live births per woman from 1.4 to 1.7 child. That means that, according to the prognosis, Denmark may now expect a population figure of 4.7 million instead of 4.2 million in the year 2025.

The birthrate is increasing anew. Last year, it increased by 1.9 percent, and this year it has increased by another 4.8 percent during the first 3 quarters of the year, compared with the same 3 quarters last year. The figure, however, is still too low for Denmark's population figure to remain at its present level of 5.1 million.

The increase during the last couple of years, however, has been large enough for the Department of Statistics, in its new population prognosis, to assume that Danish women, in the future, will have an average of 1.7 child instead of 1.4, as has hitherto been the basis. There is, however, still a long way to 2.1, which is the fertility quotient that is necessary for the population figure to remain unchanged on the long view. However, if the fertility quotient remains at 1.7, other things being equal, the population figure will, in the year 2025, amount to 4.7 million, as against 4.2 million at 1.4 live birth per woman.

There is also a long way to the fertility level that existed before the birthrate started declining. As late as in the first half of the sixties, the fertility quotient per woman averaged 2.6 children.

The most sensational feature of this development may be the fact that it is women in their thirties who are causing the increase in the birthrate. And, to a large extent, it is a question of women who have not had children previously who are now having, at least, one child, after having got into their thirties, it appears from the statistics.

What is happening these years is that the first female age brackets with responsibility for the sharp decline in the birthrate which occurred in the years after 1966, are now approaching the time when it is no longer normal, though perhaps still possible, to have children.

The big question to population statisticians has, at the time, been whether these generations of women will catch up with the births that they lack, compared with the preceding generations.

The answer is now coming in for the first of these age brackets. Some of these women are in the process of making up for the lack of births in their thirties. To them, it has been a question of postponing their childbirths. But, to others, it has been a definitive decision that they did not want to have children. The percentage of women remaining childless is beginning to increase, says Professor Poul Christian Matthiessen, a population statistician. This, coupled with the fact that less women than previously end their childbearing age by having more than two children, causes these female age brackets, when combined, to have less children than previous female age brackets, but the decline in their childbirths is not as large as, for some years, it appeared to become.

Incidentally, it is still too early to make any predictions as to the increase in the number of women remaining childless over previous years. Professor Matthiessen, at least, does not want to make any predictions until the first of the said female age brackets have fully completed their childbearing age. What the statistics are saying is that 11.2 percent of the 35-year-old women in 1984 were childless, whereas, in the case of women who were 35 years old in 1979, the percentage was 9.8. The statistics do not indicate much more than this, for only with the women who were born in 1945 did statisticians start following the number of children each individual woman would have. That is why it is not possible to make comparisons with years farther back than 1979.

Incidentally, there is nothing unusual in the history of Denmark for women to have children at a late age, says P.C. Matthiessen. That was also the case 100 years ago, when the average age for women to marry was the age of 27. At the time, marital relations as well as births started late. Marital relations now start early, but effective prevention makes it possible to postpone births till a considerably later point of time in one's life.

Incidentally, this development has some interesting socio-psychological consequences, says Professor Matthiessen, for example, the parents attending the parents' meetings in schools are much older, which may become important to the teachers.

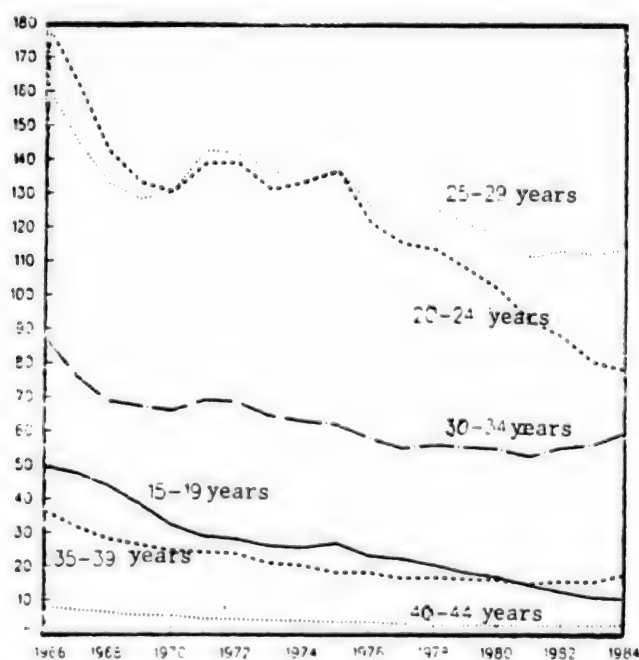
Tine Bryld's Myth

The graph shows that the reason for the increase in the birthrate over the last couple of years is the so-called fertility quotient for 30-34 year-old women and, to a certain extent, also for the 35-39 year-old women, whereas the fertility quotient for 25-29 year-old women has become stabilized. On

the other hand, there has of recent years been a decline in the birthrates for 15-19 year-old women as well as for the 20-24 year-old women.

There are thus no instances in support of the claim advanced by Tine Bryld, a social worker, and which is being vigorously used in the public debate, viz. that, in their search for identity, very young, unemployed women not only start living with a person of the opposite sex, but also have children, at a very early age. The statistics show that this is a complete myth without any basis whatsoever. The figures, on the contrary, show continued drops in the birthrates for 15-19 year-old women, which will also appear from the graph.

Number of Live Births per 1,000 Women



The figure shows the age-determined fertility quotients 1966-84, i.e., that it is possible to see from the graph the number of children that 1,000 women, for example, in the 5-year age group 20-24, had in 1984, viz. 80. In 1966, the women who, at the time, belonged to the same age group, on the other hand, had no less than 180 children in a single year. During the first 6 months of 1985, the trend toward rising birthrates for women in their thirties continued, the Department of Statistics reports.

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ECONOMIC

FRANCE

LARGE INCREASES IN GOVERNMENT BORROWING ANNOUNCED

Paris LES ECHOS in French 29 Nov 85 p 2

[Article by Henri-Paul Vanel]

[Text] Just after dropping the "bombshell" about the 1985 budget deficit, the government announced yesterday the launching of a national borrowing program of 20 billion francs. It is the largest increase ever announced directly by the Treasury, which will thus have borrowed about 95 billion francs over the entire year on the financial market.

The glimpse of the increase in the 1985 budget deficit, given Tuesday during the Council of Ministers, explains the Treasury's desire to raise 20 billion francs on the financial market under the form of OAT (Comparable Treasury Bonds).

In this emergency, "the volumes warrant the conditions," the bank officials in charge of the operation--PARIBAS and the CIC--admitted frankly. Actually, the year's final government borrowing program is presented in two mixed parts and in terms which will be attractive to investors, whether individuals or institutions.

The first part, for a minimum of 5 billion francs, is for a 6-year period, payable in fine (December, 1991), composed of bonds of 2,000-franc face value, with a nominal rate of 9.9 percent, issued at 98.5 percent of the face value (or 1,970 francs), resulting then in a calculated yield of 10.25 percent. These bonds are designed to attract private individuals who are favored by the fixed rate and the relatively short terms, as well as foreign investors, who are generally discouraged by terms of 7 years and longer.

The second part, also for a minimum of 5 billion francs, is for a term of 12 years, payable in fine (December, 1997), represented by bonds with a face value of 2,000 francs at a nominal rate of 9.9 percent, issued at 96.65 percent of face value (or 1,933 francs) and with a calculated yield of 10.4 percent.

These bonds will be exchangeable every year, beginning with the first year, between 14 December and 14 February of the following year, against TME [expansion unknown] bonds, discounted .75 percent. This results in a negative margin of -24 percent.

Success

This variable part of the government borrowing program, offering an option for exchange, is the equivalent of a revisable rate with a floor of 9.9 percent--a formula which will appeal to institutional investors (monetary SICAVs [Variable Capital Investment Companies], insurance companies...).

The immediate success of this second part, whose rates, they say, are perfectly calibrated, will somewhat overshadow the first part, which has a fixed rate, and even moreso since many professionals are selling "short paper" to get through the long term. "But the Treasury and the banking institutions heading up the project have done their job well," the experts admit.

Voluntarism guided the choice of formulas to insure the possibility of raising a maximum of 20 billion francs (a record for an initial amount), without drying up the bond market and upsetting the evolution of rates.

"Once burned, twice wary," one expert commented, recalling the half-success of the last OAT bond auction (10 billion sought, 7.5 billion received).

One can also see, in any case, that the Treasury's need to raise cash does not cease to increase: 51 billion in 1983; 89.7 billion in 1984; 95 billion in 1985. The tapping of the primary market by the government becomes heavier, then, with the third bond issue in 2 years representing 26 percent more than in 1983. And these needs of the Treasury will continue for about 10 years, independently of how the budget deficit evolves, and solely due to the fact that old obligations, of increasing amounts, are now falling due.

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ENERGY

NORWAY

OCEAN FLOOR SINKING UNDER OIL PLATFORMS; OFFICIALS CONCERNED

Oslo AFTENPOSTEN in Norwegian 3 Jan 86 p 11

[Article by Flemming Dahl: "Bottom Sinking, Price Rising at Ekofisk Field"]

[Text] The people who take care of the construction and operation of the oil and gas fields in the North Sea are prepared to deal with unforeseen problems. Nevertheless they were mildly surprised--and deeply concerned--when the suspicion arose over a year ago that the ocean floor under the platform legs at the Ekofisk field had sunk by roughly 2 meters.

The oil companies and public officials concerned immediately realized that both the platforms, which since the beginning of the 70's have required billions of kroner in investment, and the workers at the field could be in a dangerous situation.

They also realized that it could thereby be much more difficult than they had expected to bring up the large quantities of oil and gas which are still in the reservoirs under the ocean floor--oil and gas which according to plans should bring in billions in income every year until far into the next century.

Furthermore they fully understood that problems at Ekofisk could mean problems for a number of other Norwegian oil and gas fields, because Ekofisk was developed as a pipeline junction for taking oil and gas ashore from the other fields.

Survey

The experts involved were not slow in starting extensive work to survey the situation:

- o Was the suspicion well founded--were they correct, the oil workers who said that the platform decks had come closer to the surface of the ocean than they had originally been?

- o Had the sinking process already stopped or was it continuing, and at what rate?

- o What could be done to protect the platforms and the people and the continued production of oil and gas at Ekofisk, and the continued piping of products from other fields via Ekofisk?

Satellites

Measurement operations which involved the use of American satellites showed during the following months that the ocean floor had actually sunk by about 2 meters. And continued measurements showed that the sinking process was continuing at a rate of about 1/2 meter per year.

Of course the platforms had about 20 meters to go before the decks disappeared beneath the surface, But the major concern was the high waves in the North Sea--waves which in the worst case could sweep over the platform decks with catastrophic results.

During the past year, therefore, large amounts have been invested in temporary protection of the platforms and the people at Ekofisk: Exposed equipment and exposed workplaces have been moved higher up on the platforms.

Gas Sales Reduced

At the same time steps have been taken to check, or in the best case stop, the sinking process. Much of the gas which is produced together with the oil is sent back into the reservoir to maintain the pressure, with the result that delivery of gas to customers has been reduced by about 25 percent in relation to what the customers originally expected, which also results in reduced income to the oil companies and the Norwegian treasury.

There have been ideas for further measures, but final decisions have not yet been made. Such decisions are expected in 1986, when the experts expect to study the extent to which the sinking is continuing after the return of gas to the reservoir has had time to work.

Current Measures

- o They may not only continue the so-called reinjecting of Ekofisk gas, but also they may purchase gas from other fields to maintain the pressure.

- o Platform legs could be jacked up.

- o They may also invest in injecting nitrogen into the reservoir, something which could require the construction of an entirely new platform for nitrogen production.

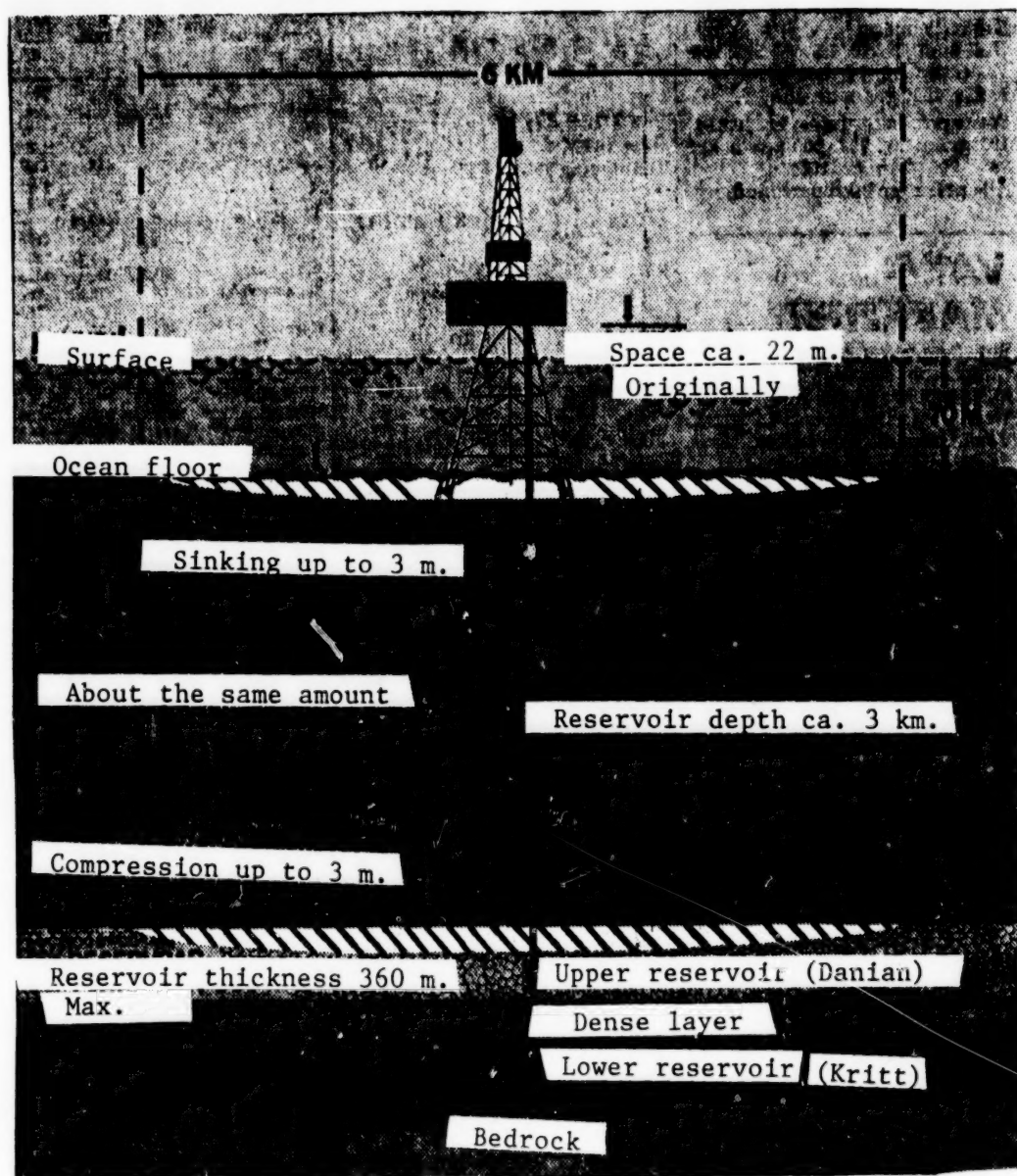
- o They could also construct large breakwaters on the ocean floor in the vicinity of the platforms--breakwaters in the form of old tankers or specially constructed concrete blocks--to reduce the size of the waves before they hit the platforms.

- o They could also build new pipelines outside the Ekofisk junction in order to protect future transport of products from other fields.

The experts have apparently gradually been convinced that the sinking problem can be solved, but they still wonder about how many billion kroner the solution will cost.

Meanwhile the oil companies and the authorities console themselves with the thought that oil and gas production at Ekofisk will continue to be very profitable despite extra investments in the billions.

One centrally placed person reminded us that the extra investments must almost be unbelievably large before profitability declines to zero because, as he said, "One should clearly understand that hardly any project on the Norwegian continental shelf has been so profitable as Ekofisk."



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OCEAN/POLAR ISSUES

NORWAY

NEW ANTARCTICA EXPEDITION PLANNED FOR 1987-1988

Oslo AFTENPOSTEN in Norwegian 3 Jan 86 p 38

[Article by Torill Nordeng: "New Antarctic Expedition Being Planned"]

[Text] Planning for a new Norwegian Antarctic expedition is gradually getting started for the 1987-88 season. It has not been decided what kind of research will be carried out, who will participate, and what ship will be used. During February, however, the Ministry of Environmental Affairs will receive the first outline plan from the Norwegian Polar Institute. In the meanwhile, however, Antarctic researchers have their hands full with followup work from the expedition of last year, the largest and most expensive that Norway has ever conducted.

It is now one year since the coast guard ship "K/V Andenes" with 28 scientists aboard pushed through the ice to Queen Maud Land in Antarctica. The program was ambitious, and it was carried out. It is estimated that the expedition cost 25 million kroner. It is not known how much money will be appropriated for the new expedition.

Advanced Research and Primitive Conditions

Norwegian Antarctic research has long traditions, and the results are noted all over the world, but by international standards the sums expended on Norwegian efforts are small. A subject which is discussed in polar research circles in this country is whether the spirit of Amundsen--with tents, sleds and such--is causing too much delay in the work. "When will Norwegian scientists have their own permanent summer station at Queen Maud Land?"

Scientific work in the Antarctic is difficult for everybody. Much of the time on land is used to maintain life. Every year a flotilla of fully loaded ships depart from all corners of the world, headed south. Research is conducted on land and sea. Certain ones remain through the winter in well-equipped stations. For others it is the world's seventh continent, where 98 percent of the land is covered with up to four kilometers of ice, and it has become an attractive tourist target. Majestic icebergs, animals that are not afraid of

people and a light unlike anywhere else, such pictures remain on the retina of all who have been there.

Unfortunately accidents happen now and then in the Antarctic. On New Year's Eve a chartered Chilean aircraft crashed with 10 people on board. All were killed, eight Americans and two Chileans, on their way to celebrate New Year's Eve at a Chilean base. The cause was the terrible Antarctic fog which obliterates the difference between earth and sky.

German Thoroughness

One of the countries which has really demonstrated its desire to conduct Antarctic research is West Germany. A new polar research institute has been established in Bremerhaven, and at sea down around Antarctica sails the world's most advanced research platform, "F/S Polarstern." It cost just under 300 million Norwegian kroner to build and equip the ship. It is earmarked for tasks in the Arctic and Antarctic. This winter a Norwegian scientist has a billet on board. Four other Norwegians are participating in American and Italian expeditions.

Sweden is also strengthening its Antarctic expertise. A polar research secretariat has been established. The goal is expeditions and a consultative status within the Antarctic Treaty. There is also a certain interest in participation in the gradually growing "Antarctic Club" by neighboring Finland. Eighteen nations have signed the treaty.

A Flag Issue

While ships today sail under the flags of Norway, West Germany, United States, Soviet Union, India, Australia, South Africa, Poland, France, Italy, Argentina, Great Britain, Chile, Brazil and China, a proposal has been made to place Antarctica under the flag of the UN. The time for such a discussion is approaching. In 1991 the 30-year-old treaty will be reappraised.

A powerful and not always admired supporter of the proposal is Greenpeace. That organization's flag will soon wave in Antarctica. A Greenpeace ship is on the way south. The organization will establish a four-man wintering over station in a place not announced. The word is that the Antarctic is open for all, and that includes Greenpeace. They want a world nature park owned by the people.

Hardly a living organism in Antarctica has been overlooked by Norwegian biologists. The krill is central. It is eaten by whales, birds and seals. More peripheral is the colebolene, small creatures resembling insects which survive in the cold thanks to a protective substance in their blood. Penguins fascinate everybody, but studies of these animals show that even in the Antarctic global pollution cannot be avoided. There are traces of heavy metals in the liver and flesh.

Geology, glaciology, meteorology, botany, oceanography and marine geophysics are all included in the Norwegian research plan. During the last expedition extensive seismic investigations were conducted of the ocean floor in the Weddel Sea. Still none of the participants will predict the future of oil in the south and what other resources might be found.